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Form **990-PF**

Department of the Treasury
Internal Revenue Service

Return of Private Foundation

**or Section 4947(a)(1) Nonexempt Charitable Trust
Treated as a Private Foundation**

Note. The foundation may be able to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0052

2012

Open to Public Inspection

For calendar year 2012, or tax year beginning 01-01-2012 , and ending 12-31-2012

Name of foundation
THE FAIRHOLME FOUNDATION

% BRUCE R BERKOWITZ

Number and street (or P O box number if mail is not delivered to street address)
14 TAHITI BEACH ISLAND ROAD C/O B
Suite

Room/suite

City or town, state, and ZIP code
CORAL GABLES, FL 33143

A Employer identification number
01-0718240

B Telephone number (see instructions)
(305) 667-5437

C If exemption application is pending, check here ▶ ☐

D 1. Foreign organizations, check here ▶ ☐

2. Foreign organizations meeting the 85% test, check here and attach computation ▶ ☐

E If private foundation status was terminated under section 507(b)(1)(A), check here ▶ ☐

F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ▶ ☐

G Check all that apply ☐ Initial return ☐ Initial return of a former public charity ☐ Final return ☐ Amended return ☐ Address change ☐ Name change

H Check type of organization ☑ Section 501(c)(3) exempt private foundation
☐ Section 4947(a)(1) nonexempt charitable trust ☐ Other taxable private foundation

I Fair market value of all assets at end of year *(from Part II, col. (c), line 16)* ▶$ 155,280,997

J Accounting method ☑ Cash ☐ Accrual
☐ Other (specify) _
(Part I, column (d) must be on cash basis.)

Part I **Analysis of Revenue and Expenses** *(The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions))*

			(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
Revenue	1	Contributions, gifts, grants, etc , received (attach schedule)	20,768,950			
	2	Check ▶ ☐ if the foundation is **not** required to attach Sch B				
	3	Interest on savings and temporary cash investments	797	797		
	4	Dividends and interest from securities.	1,109,698	1,109,698		
	5a	Gross rents				
	b	Net rental income or (loss) ________				
	6a	Net gain or (loss) from sale of assets not on line 10	-3,432			
	b	Gross sales price for all assets on line 6a 40,458				
	7	Capital gain net income (from Part IV, line 2) . . .		0		
	8	Net short-term capital gain				
	9	Income modifications				
	10a	Gross sales less returns and allowances				
	b	Less Cost of goods sold				
	c	Gross profit or (loss) (attach schedule)				
	11	Other income (attach schedule)				
	12	**Total.** Add lines 1 through 11	21,876,013	1,110,495		
Operating and Administrative Expenses	13	Compensation of officers, directors, trustees, etc				
	14	Other employee salaries and wages				
	15	Pension plans, employee benefits				
	16a	Legal fees (attach schedule).	12,595	0	0	0
	b	Accounting fees (attach schedule).	7,500	0	0	0
	c	Other professional fees (attach schedule)				
	17	Interest				
	18	Taxes (attach schedule) (see instructions)	1,225	1,225		
	19	Depreciation (attach schedule) and depletion . . .				
	20	Occupancy				
	21	Travel, conferences, and meetings				
	22	Printing and publications	2,390			
	23	Other expenses (attach schedule)	6,513			6,513
	24	**Total operating and administrative expenses.** Add lines 13 through 23	30,223	1,225	0	6,513
	25	Contributions, gifts, grants paid	5,046,360			5,046,360
	26	**Total expenses and disbursements.** Add lines 24 and 25	5,076,583	1,225	0	5,052,873
	27	Subtract line 26 from line 12				
	a	**Excess of revenue over expenses and disbursements**	16,799,430			
	b	**Net investment income** (if negative, enter -0-)		1,109,270		
	c	**Adjusted net income** (if negative, enter -0-) . . .				

Part II **Balance Sheets** Attached schedules and amounts in the description column should be for end-of-year amounts only (See instructions)	Beginning of year	End of year	
	(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets			
1 Cash—non-interest-bearing	295,775	626,229	626,229
2 Savings and temporary cash investments			
3 Accounts receivable ▶			
Less allowance for doubtful accounts ▶			
4 Pledges receivable ▶			
Less allowance for doubtful accounts ▶			
5 Grants receivable			
6 Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see page 15 of the instructions)			
7 Other notes and loans receivable (attach schedule) ▶			
Less allowance for doubtful accounts ▶			
8 Inventories for sale or use			
9 Prepaid expenses and deferred charges			
10a Investments—U S and state government obligations (attach schedule)			
b Investments—corporate stock (attach schedule)	129,316,649	145,385,625	154,254,768
c Investments—corporate bonds (attach schedule)			
11 Investments—land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶			
12 Investments—mortgage loans			
13 Investments—other (attach schedule)		400,000	400,000
14 Land, buildings, and equipment basis ▶			
Less accumulated depreciation (attach schedule) ▶			
15 Other assets (describe ▶)			
16 **Total assets** (to be completed by all filers—see the instructions Also, see page 1, item I)	129,612,424	146,411,854	155,280,997
Liabilities			
17 Accounts payable and accrued expenses			
18 Grants payable			
19 Deferred revenue			
20 Loans from officers, directors, trustees, and other disqualified persons			
21 Mortgages and other notes payable (attach schedule)			
22 Other liabilities (describe ▶)			
23 **Total liabilities** (add lines 17 through 22)		0	
Net Assets or Fund Balances			
Foundations that follow SFAS 117, check here ▶ ☐ **and complete lines 24 through 26 and lines 30 and 31.**			
24 Unrestricted			
25 Temporarily restricted			
26 Permanently restricted			
Foundations that do not follow SFAS 117, check here ▶ ☑ **and complete lines 27 through 31.**			
27 Capital stock, trust principal, or current funds			
28 Paid-in or capital surplus, or land, bldg , and equipment fund			
29 Retained earnings, accumulated income, endowment, or other funds	129,612,424	146,411,854	
30 **Total net assets or fund balances** (see page 17 of the instructions)	129,612,424	146,411,854	
31 **Total liabilities and net assets/fund balances** (see page 17 of the instructions)	129,612,424	146,411,854	

Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year—Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	129,612,424
2	Enter amount from Part I, line 27a	2	16,799,430
3	Other increases not included in line 2 (itemize) ▶	3	
4	Add lines 1, 2, and 3	4	146,411,854
5	Decreases not included in line 2 (itemize) ▶	5	
6	Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 30	6	146,411,854

Part IV Capital Gains and Losses for Tax on Investment Income

	(a) List and describe the kind(s) of property sold (e g , real estate, 2-story brick warehouse, or common stock, 200 shs MLC Co)	(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo , day, yr)	(d) Date sold (mo , day, yr)
1 a	SEARS HOLDING CORP SUBSCRIPTION RIGHTS	P	2012-09-13	2012-09-14
b	SEARS HOLDING CORP SUBSCRIPTION RIGHTS	P	2012-09-13	2012-09-14
c				
d				
e				

	(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)
a	24,711		23,100	1,611
b	15,747		20,790	-5,043
c				
d				
e				

	Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(l) Gains (Col (h) gain minus col (k), but not less than -0-) **or** Losses (from col (h))
	(i) F M V as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col (i) over col (j), if any	
a				1,611
b				-5,043
c				
d				
e				

2	Capital gain net income or (net capital loss)	If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7	2	-3,432
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6) If gain, also enter in Part I, line 8, column (c) (see instructions) If (loss), enter -0- in Part I, line 8		3	-3,432

Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income)

If section 4940(d)(2) applies, leave this part blank

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period? ☐ Yes ☑ No
If "Yes," the foundation does not qualify under section 4940(e) Do not complete this part

1 Enter the appropriate amount in each column for each year, see page 18 of the instructions before making any entries

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col (b) divided by col (c))
2011	4,704,957	103,713,258	0 045365
2010	8,986,375	59,438,484	0 151188
2009	1,312,878	49,116,177	0 02673
2008	1,073,000	17,140,835	0 062599
2007	509,500	13,266,665	0 038405

2	**Total** of line 1, column (d).	2	0 324287
3	Average distribution ratio for the 5-year base period—divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years	3	0 064857
4	Enter the net value of noncharitable-use assets for 2012 from Part X, line 5.	4	135,118,128
5	Multiply line 4 by line 3.	5	8,763,356
6	Enter 1% of net investment income (1% of Part I, line 27b).	6	11,093
7	Add lines 5 and 6.	7	8,774,449
8	Enter qualifying distributions from Part XII, line 4.	8	5,052,873

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate See the Part VI instructions

Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948—see page 18 of the instructions)

1a	Exempt operating foundations described in section 4940(d)(2), check here ▶ ☐ and enter "N/A" on line 1 Date of ruling or determination letter ________ **(attach copy of letter if necessary–see instructions)**				
b	Domestic foundations that meet the section 4940(e) requirements in Part V, check here ▶ ☐ and enter 1% of Part I, line 27b			1	22,185
c	All other domestic foundations enter 2% of line 27b Exempt foreign organizations enter 4% of Part I, line 12, col (b)				
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			2	
3	Add lines 1 and 2			3	22,185
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only Others enter -0-)			4	
5	**Tax based on investment income.** Subtract line 4 from line 3 If zero or less, enter -0-			5	22,185
6	Credits/Payments				
a	2012 estimated tax payments and 2011 overpayment credited to 2012	6a	72,075		
b	Exempt foreign organizations—tax withheld at source	6b			
c	Tax paid with application for extension of time to file (Form 8868)	6c			
d	Backup withholding erroneously withheld	6d			
7	Total credits and payments Add lines 6a through 6d			7	72,075
8	Enter any **penalty** for underpayment of estimated tax Check here ☐ if Form 2220 is attached			8	
9	**Tax due.** If the total of lines 5 and 8 is more than line 7, enter **amount owed** ▶			9	
10	**Overpayment.** If line 7 is more than the total of lines 5 and 8, enter the **amount overpaid** ▶			10	49,890
11	Enter the amount of line 10 to be **Credited to 2013 estimated tax** ▶ 49,890	**Refunded** ▶		11	

Part VII-A Statements Regarding Activities

			Yes	No
1a	During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	1a		No
b	Did it spend more than $100 during the year (either directly or indirectly) for political purposes (see page 19 of the instructions for definition)?	1b		No
	*If the answer is "Yes" to **1a** or **1b**, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.*			
c	Did the foundation file **Form 1120-POL** for this year?	1c		No
d	Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year **(1)** On the foundation ▶ $ ________ **(2)** On foundation managers ▶ $ ________			
e	Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers ▶ $ ________			
2	Has the foundation engaged in any activities that have not previously been reported to the IRS? *If "Yes," attach a detailed description of the activities.*	2		No
3	Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? *If "Yes," attach a conformed copy of the changes*	3	Yes	
4a	Did the foundation have unrelated business gross income of $1,000 or more during the year?	4a		No
b	If "Yes," has it filed a tax return on **Form 990-T** for this year?	4b		
5	Was there a liquidation, termination, dissolution, or substantial contraction during the year? *If "Yes," attach the statement required by General Instruction T.*	5		No
6	Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument?	6	Yes	
7	Did the foundation have at least $5,000 in assets at any time during the year? *If "Yes," complete Part II, col (c), and Part XV*	7	Yes	
8a	Enter the states to which the foundation reports or with which it is registered (see instructions) ▶FL			
b	If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? *If "No," attach explanation*	8b	Yes	
9	Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2012 or the taxable year beginning in 2012 (see instructions for Part XIV)? *If "Yes," complete Part XIV*	9		No
10	Did any persons become substantial contributors during the tax year? *If "Yes," attach a schedule listing their names and addresses*	10		No

Part VII-A Statements Regarding Activities *(continued)*

11	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule (see instructions).	11		No
12	Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement (see instructions)	12		No
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	Yes	

Website address ▶N/A

14 The books are in care of ▶BRUCE R BERKOWITZ Telephone no ▶(305) 667-5437

Located at ▶14 TAHITI BEACH ISLAND ROAD CORAL GABLES FL ZIP+4 ▶33143

15 Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of **Form 1041** —Check here ▶ ☐

and enter the amount of tax-exempt interest received or accrued during the year ▶ | 15 |

16	At any time during calendar year 2012, did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country?	16		No

See instructions for exceptions and filing requirements for Form TD F 90-22 1 If "Yes", enter the name of the foreign country ▶

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required

File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.

				Yes	No
1a	During the year did the foundation (either directly or indirectly)				
	(1) Engage in the sale or exchange, or leasing of property with a disqualified person?	☐ Yes ☑ No			
	(2) Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	☐ Yes ☑ No			
	(3) Furnish goods, services, or facilities to (or accept them from) a disqualified person?	☐ Yes ☑ No			
	(4) Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	☐ Yes ☑ No			
	(5) Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	☐ Yes ☑ No			
	(6) Agree to pay money or property to a government official? (**Exception.** Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days).	☐ Yes ☑ No			
b	If any answer is "Yes" to 1a(1)–(6), did **any** of the acts fail to qualify under the exceptions described in Regulations section 53 4941(d)-3 or in a current notice regarding disaster assistance (see page 20 of the instructions)?		1b		
	Organizations relying on a current notice regarding disaster assistance check here ▶ ☐				
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2012?		1c		No
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5))				
a	At the end of tax year 2012, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2012?	☐ Yes ☑ No			
	If "Yes," list the years ▶ 20___, 20___, 20___, 20___				
b	Are there any years listed in 2a for which the foundation is **not** applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to **all** years listed, answer "No" and attach statement—see instructions).		2b		No
c	If the provisions of section 4942(a)(2) are being applied to **any** of the years listed in 2a, list the years here ▶ 20___, 20___, 20___, 20___				
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	☐ Yes ☑ No			
b	If "Yes," did it have excess business holdings in 2012 as a result of **(1)** any purchase by the foundation or disqualified persons after May 26, 1969, **(2)** the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest, or **(3)** the lapse of the 10-, 15-, or 20-year first phase holding period? *(Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2012.)*		3b		
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?		4a		No
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2012?		4b		No

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *(continued)*

5a During the year did the foundation pay or incur any amount to

(1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))? ☐ Yes ☑ No

(2) Influence the outcome of any specific public election (see section 4955), or to carry on, directly or indirectly, any voter registration drive? ☐ Yes ☑ No

(3) Provide a grant to an individual for travel, study, or other similar purposes? ☐ Yes ☑ No

(4) Provide a grant to an organization other than a charitable, etc , organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)? (see instructions) ☐ Yes ☑ No

(5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals? ☐ Yes ☑ No

b If any answer is "Yes" to 5a(1)–(5), did **any** of the transactions fail to qualify under the exceptions described in Regulations section 53 4945 or in a current notice regarding disaster assistance (see instructions)? **5b**

Organizations relying on a current notice regarding disaster assistance check here ▶ ☐

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? ☐ Yes ☐ No

If "Yes," attach the statement required by Regulations section 53.4945–5(d).

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☑ No

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? **6b** No

If "Yes" to 6b, file Form 8870.

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction? ☐ Yes ☑ No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction? **7b** No

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation (see instructions).

(a) Name and address	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation **(If not paid, enter -0-)**	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances
BRUCE BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	TRUSTEE 0	0		
TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	TRUSTEE 0	0		

2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."

(a) Name and address of each employee paid more than $50,000	**(b)** Title, and average hours per week devoted to position	**(c)** Compensation	**(d)** Contributions to employee benefit plans and deferred compensation	**(e)** Expense account, other allowances

Total number of other employees paid over $50,000 ▶

Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors *(continued)*

3 Five highest-paid independent contractors for professional services (see instructions). If none, enter "NONE".

(a) Name and address of each person paid more than $50,000	**(b)** Type of service	**(c)** Compensation
Total number of others receiving over $50,000 for professional services. . . . . ▶		

Part IX-A Summary of Direct Charitable Activities

List the foundation's four largest direct charitable activities during the tax year Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc	Expenses
1 CHARITABLE EVENT	6,513
2	
3	
4	

Part IX-B Summary of Program-Related Investments (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2	Amount
1	
2	
All other program-related investments See page 24 of the instructions **3**	
Total. Add lines 1 through 3. . . . . ▶	

Part X **Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc , purposes		
a	Average monthly fair market value of securities	1a	136,160,731
b	Average of monthly cash balances	1b	615,033
c	Fair market value of all other assets (see instructions)	1c	400,000
d	**Total** (add lines 1a, b, and c)	1d	137,175,764
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) — 1e		
2	Acquisition indebtedness applicable to line 1 assets	2	0
3	Subtract line 2 from line 1d	3	137,175,764
4	Cash deemed held for charitable activities Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	2,057,636
5	**Net value of noncharitable-use assets.** Subtract line 4 from line 3 Enter here and on Part V, line 4	5	135,118,128
6	**Minimum investment return.** Enter 5% of line 5	6	6,755,906

Part XI **Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ▶ ☐ and do not complete this part.)

1	Minimum investment return from Part X, line 6			1	6,755,906
2a	Tax on investment income for 2012 from Part VI, line 5	2a	22,185		
b	Income tax for 2012 (This does not include the tax from Part VI)	2b			
c	Add lines 2a and 2b			2c	22,185
3	Distributable amount before adjustments Subtract line 2c from line 1			3	6,733,721
4	Recoveries of amounts treated as qualifying distributions			4	
5	Add lines 3 and 4			5	6,733,721
6	Deduction from distributable amount (see instructions)			6	
7	**Distributable amount** as adjusted Subtract line 6 from line 5 Enter here and on Part XIII, line 1			7	6,733,721

Part XII **Qualifying Distributions** (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc , purposes		
a	Expenses, contributions, gifts, etc —total from Part I, column (d), line 26	1a	5,052,873
b	Program-related investments—total from Part IX-B	1b	0
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc , purposes	2	0
3	Amounts set aside for specific charitable projects that satisfy the		
a	Suitability test (prior IRS approval required)	3a	0
b	Cash distribution test (attach the required schedule)	3b	0
4	**Qualifying distributions.** Add lines 1a through 3b Enter here and on Part V, line 8, and Part XIII, line 4	4	5,052,873
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income Enter 1% of Part I, line 27b (see instructions)	5	
6	**Adjusted qualifying distributions.** Subtract line 5 from line 4	6	5,052,873

Note: The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years

Part XIII Undistributed Income (see instructions)

	(a) Corpus	(b) Years prior to 2011	(c) 2011	(d) 2012
1 Distributable amount for 2012 from Part XI, line 7				6,733,721
2 Undistributed income, if any, as of the end of 2012				
a Enter amount for 2011 only.			0	
b Total for prior years 2010 , 2009 , 2008		0		
3 Excess distributions carryover, if any, to 2012				
a From 2007.				
b From 2008.				
c From 2009.				
d From 2010. 4,997,165				
e From 2011.				
f Total of lines 3a through e.	4,997,165			
4 Qualifying distributions for 2012 from Part XII, line 4 ▶ $ 5,052,873				
a Applied to 2011, but not more than line 2a			0	
b Applied to undistributed income of prior years (Election required—see instructions).				
c Treated as distributions out of corpus (Election required—see instructions).				
d Applied to 2012 distributable amount.				5,052,873
e Remaining amount distributed out of corpus	0			
5 Excess distributions carryover applied to 2012 *(If an amount appears in column (d), the same amount must be shown in column (a).)*	1,680,848			1,680,848
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5	3,316,317			
b Prior years' undistributed income Subtract line 4b from line 2b		0		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed.				
d Subtract line 6c from line 6b Taxable amount —see instructions		0		
e Undistributed income for 2011 Subtract line 4a from line 2a Taxable amount—see instructions			0	
f Undistributed income for 2012 Subtract lines 4d and 5 from line 1 This amount must be distributed in 2013				0
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (see instructions)				
8 Excess distributions carryover from 2007 not applied on line 5 or line 7 (see instructions) . . .				
9 Excess distributions carryover to 2013. Subtract lines 7 and 8 from line 6a	3,316,317			
10 Analysis of line 9				
a Excess from 2008. . . .				
b Excess from 2009. . . .				
c Excess from 2010. . . . 3,316,317				
d Excess from 2011. . . .				
e Excess from 2012. . . .				

Part XIV Private Operating Foundations (see instructions and Part VII-A, question 9)

1a If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2012, enter the date of the ruling . . . . . . ▶

b Check box to indicate whether the organization is a private operating foundation described in section ☐ 4942(j)(3) or ☐ 4942(j)(5)

	Tax year	Prior 3 years			(e) Total
	(a) 2012	**(b)** 2011	**(c)** 2010	**(d)** 2009	
2a Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part X for each year listed					
b 85% of line 2a					
c Qualifying distributions from Part XII, line 4 for each year listed					
d Amounts included in line 2c not used directly for active conduct of exempt activities					
e Qualifying distributions made directly for active conduct of exempt activities Subtract line 2d from line 2c					
3 Complete 3a, b, or c for the alternative test relied upon					
a "Assets" alternative test—enter **(1)** Value of all assets					
(2) Value of assets qualifying under section 4942(j)(3)(B)(i)					
b "Endowment" alternative test— enter 2/3 of minimum investment return shown in Part X, line 6 for each year listed					
c "Support" alternative test—enter **(1)** Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties)					
(2) Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii)					
(3) Largest amount of support from an exempt organization					
(4) Gross investment income					

Part XV Supplementary Information (Complete this part only if the organization had $5,000 or more in assets at any time during the year—see instructions.)

1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than $5,000) (See section 507(d)(2))

BRUCE BERKOWITZ TRUSTEE

b List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest

2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:

Check here ▶ ☑ if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds If the foundation makes gifts, grants, etc (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d

a The name, address, and telephone number of the person to whom applications should be addressed

b The form in which applications should be submitted and information and materials they should include

c Any submission deadlines

d Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors

Part XV Supplementary Information (continued)

3 Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
See Additional Data Table				
Total . . . . ▶ **3a**				5,046,360
b *Approved for future payment*				
Total . . . . ▶ **3b**				

Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income (See instructions)
	(a) Business code	(b) Amount	(c) Exclusion code	(d) Amount	
1 Program service revenue					
a					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments. . . .					
3 Interest on savings and temporary cash investments			14	797	
4 Dividends and interest from securities. . . .			14	1,109,698	
5 Net rental income or (loss) from real estate					
a Debt-financed property.					
b Not debt-financed property.					
6 Net rental income or (loss) from personal property					
7 Other investment income.					
8 Gain or (loss) from sales of assets other than inventory			18	-3,432	
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory. .					
11 Other revenue a					
b					
c					
d					
e					
12 Subtotal Add columns (b), (d), and (e). .				1,107,063	

13 **Total.** Add line 12, columns (b), (d), and (e). 13 1,107,063

(See worksheet in line 13 instructions to verify calculations)

Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes

Line No. ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes) (See instructions)

Part XVII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

		Yes	No
1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?			
a Transfers from the reporting foundation to a noncharitable exempt organization of			
(1) Cash	1a(1)		No
(2) Other assets	1a(2)		No
b Other transactions			
(1) Sales of assets to a noncharitable exempt organization	1b(1)		No
(2) Purchases of assets from a noncharitable exempt organization	1b(2)		No
(3) Rental of facilities, equipment, or other assets	1b(3)		No
(4) Reimbursement arrangements	1b(4)		No
(5) Loans or loan guarantees	1b(5)		No
(6) Performance of services or membership or fundraising solicitations	1b(6)		No
c Sharing of facilities, equipment, mailing lists, other assets, or paid employees	1c		No

d If the answer to any of the above is "Yes," complete the following schedule Column **(b)** should always show the fair market value of the goods, other assets, or services given by the reporting foundation If the foundation received less than fair market value in any transaction or sharing arrangement, show in column **(d)** the value of the goods, other assets, or services received

(a) Line No	**(b)** Amount involved	**(c)** Name of noncharitable exempt organization	**(d)** Description of transfers, transactions, and sharing arrangements

2a Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? ☐ Yes ☑ No

b If "Yes," complete the following schedule

(a) Name of organization	**(b)** Type of organization	**(c)** Description of relationship

Sign Here

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge

******	2013-11-15	******
Signature of officer or trustee	Date	Title

May the IRS discuss this return with the preparer shown below (see instr)? ☑ Yes ☐ No

Paid Preparer Use Only

Print/Type preparer's name	Preparer's Signature	Date	Check if self-employed ☐	PTIN
Neil Tendler	Neil Tendler			

Firm's name ▶ Rothstein Kass

Firm's EIN ▶

Firm's address ▶ 4 Becker Farm Road Roseland, NJ 070681785

Phone no (973) 994-6666

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
CENTER FOR JEWISH HISTORY 15 WEST 16TH STREET NEW YORK, NY 10011	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
MIAMI ART MUSEUM 101 W Flagler St Miami, FL 33130	NONE	IRS SEC 501 (C)(3)	GENERAL PURPOSE	30,000
GULLIVER SCHOOLS INC 6575 N Kendall Drive Pinecrest, FL 33156	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	215,000
NEW WORLD SYMPHONY 541 LINCOLN ROAD MIAMI BEACH, FL 33139	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	210,000
BIG BROTHERS BIG SISTERS OF GREATER MIAMI 701 SW 27th AVE SUITE 800 MIAMI, FL 33135	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
TEMPLE BETH AM 5950 N KENDALL DRIVE PINECREST, FL 331562068	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100,000
CAMILLUS HOUSE 336 NW Fifth Street Miami, FL 33128	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	60,000
CHABAD CENTER OF KENDALL 8700 SW 112 Street MIAMI, FL 33176	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	125,000
MIAMI CHILDREN'S HOSPITAL 3000 SW 62ND AVENUE MIAMI, FL 33155	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	50,000
ST PHILLIPS EPISCOPAL SCHOOL 1142 CORAL WAY CORAL GABLES, FL 33134	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,500
UNITED WAY OF MIAMI-DADE THE ANSIN BUILDING 3250 SOUTHWEST THIRD AVE MIAMI, FL 33129	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
UNIVERSITY OF MIAMI PO BOX 248073 CORAL GABLES, FL 33124	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	3,301,250
NATIONAL BREAST CANCER FOUNDATION 2600 NETWORK BLVD SUITE 300 FRISCO, TX 75034	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	350
NATIONAL FOUNDATION FOR ADVANCEMENT IN ARTS 777 BRICKELL AVENUE SUITE 370 MIAMI, FL 33131	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,250
THE WOMEN OF TOMORROW MENTOR & SCHOLARSHIP 22 E FLAGLER ST 6TH FL MIAMI, FL 33131	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	35,000

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
UNIVERSITY OF MIAMI EXECUTIVE MEDICINE 1150 NW 14TH ST SUITE 130 MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100,000
TEMPLE JUDEA 5500 GRANADA BOULEVARD CORAL GABLES, FL 33156	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100,000
BEAVER COUNTY DAY SCHOOL 791 HAMMOND STREET CHESTNUT HILL, MA 02467	NONE	501(C)(3)	GENERAL PURPOSE	25,000
BREAKTHROUGH MIAMI 14850 SW 26TH STREET MIAMI, FL 33185	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	1,400
MAKE-A-WISH FOUNDATION 4491 SOTH STATE ROAD 7 SUITE 201 FTLAUDERDALE, FL 33314	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	10,000
UM MILLER SCHOOL OF MEDICINE 1600 NW 1OTH AVENUE MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	50,000
MULTIPLE SCIEROSIS SOCIETY 3201 WEST COMMERCIAL BOULEVARD FT LAUDEDALE, FL 33309	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	500
THE RETREAT 13 GOODFRIEND DRIVE EAST HAMPTON, NY 11937	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	4,000
ALLIANCE FOR CANCER GENE THERAPY 96 CUMMIMGS POINT ROAD STAMFORD, CT 06902	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
AMERICAN FRIENDS JAFFA INSTITUTE 171-06 76TH AVENUE FLISHING, NY 11366	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
AMERICAN HEART ASSOCIATION 2600 SW 3RD AVE SUITE 900 MIAMI, FL 33129	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
BORN FREE PET SHELTER 14400 NW 77 CT MIAMI LAKES, FL 33016	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	1,000
CALIFORNIA INTL SAILING ASSOCIATION 2812 CANON STREET SAN DIEGO, CA 92106	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	2,000
DRESS FOR SUCCESS MIAMI 250 NW 9TH STREET MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
MEMEORIAL SLOAN KETTERING 633 THIRD AVENUE 28TH FLOOR NEW YORK, NY 10017	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	1,000

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
MIAMI'S CHILDREN'S MUSEUM 980 MACARTHUR CAUSEWAY MIAMI, FL 33132	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
MIAMI PROJECT CURE PARALYSIS 1095 NW 14TH TERRACE MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	1,310
OPPORTUNITY PROJECT INC 60 EAST WILLOW STREET MILBURN, NJ 07041	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	2,000
PARRISH ART MUSEUM 279 MONTAUK HIGHWAY WATER MILL, NY 11976	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	250,000
SAILING FOUNDATION OF NY PO BOX 267 COS COB, CT 06807	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	2,000
SAVE VENICE INC 1104 LEXINGTON AVENUE NEW YORK, NY 10075	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
TEACH FOR AMERICA 3252 NE 1ST AVENUE MIAMI, FL 33137	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
TELLURIDE FILM FESTIVAL 800 JONES STREET BERKELEY, CA 94710	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	50,000
THE BUONICONTI FUND 1095 NW 14TH TERRACE MIAMI, FL 33136	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
THE FORT LAUDERDALE ROTARY CLUB PO BOX 2399 FORT LAUDERDALE, FL 33303	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
THE SALVATION ARMY PO BOX 330607 MIAMI, FL 33233	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100
THE TEAM GO SAIL FOUNDATION PO BOX 373 SHELTER ISLAND, NY 11964	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	2,000
UJA FEDERATION 130 EAST 59TH STREET NEW YORK, NY 10022	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000
UNIVERSITY OF MASS 181 PRESIDENTS DRIVE AMHERST, MA 01003	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
US SAILING 15 MARITIME DRIVE PORTSMOUTH, RI 02871	none	IRC SEC 501 (C)(3)	GENERAL PURPOSE	25,000

Form 990PF Part XV Line 3 - Grants and Contributions Paid During the Year or Approved for Future Payment

Recipient Name and address (home or business)	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
a *Paid during the year*				
MUSEUM OF CONTEMPORARY ARTS 770 NE 125TH STREET N MIAMI, FL 33161	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	350
THE MIAMI FOUNDATION 200 S BISCAYNE BLVD MIAMI, FL 33131	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	500
FRIENDS OF THE BASS MUSEUM 2100 COLLINS AVENUE MIAMI BEACH, FL 33139	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	250
UNIVERSITY OF PENN 433 FRANKLIN BUILDING 3451 WALNUT STREET PHILADELPHIA, PA 19104	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	1,000
CCSA 1053 CANDLER ROAD CLEARWATER, FL 33765	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	4,000
MAST PTSA 3979 RICKENBACKER CAUSEWAY MIAMI, FL 33149	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	500
MCCJ 150 SE 2ND AVENUE STE 914 MIAMI, FL 33131	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	5,000
NBCRC PO BOX 96676 WASHINGTON, DC 20090	NONE	IRC SEC 501 (C)(3)	GENERAL PURPOSE	100
Total . . . . ▶ **3a**				5,046,360

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Schedule B
(Form 990, 990-EZ, or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

▶ **Attach to Form 990, 990-EZ, or 990-PF.**

OMB No 1545-0047

2012

Name of the organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

Organization type (check one)

Filers of:	**Section:**
Form 990 or 990-EZ	☐ 501(c)( ) (enter number) organization
	☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
	☐ 527 political organization
Form 990-PF	☑ 501(c)(3) exempt private foundation
	☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation
	☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule.**
Note. Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule See instructions

General Rule

☑ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, $5,000 or more (in money or property) from any one contributor Complete Parts I and II

Special Rules

☐ For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of **(1)** $5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1 Complete Parts I and II

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than $1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals Complete Parts I, II, and III

☐ For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc , purposes, but these contributions did not total to more than $1,000 If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc , purpose Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc , contributions of $5,000 or more during the year . . . . ▶ $ ____________

Caution. An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2 of its Form 990, or check the box on line H of its Form 990-EZ or on Part I, line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF)

Name of organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

Part I **Contributors** (see Instructions) Use duplicate copies of Part I if additional space is needed

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
	See Additional Data Table	$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
		$	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

Name of organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

Part II Noncash Property (see instructions) Use duplicate copies of Part II if additional space is needed

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
1	60,000 SHS FAIRHOLME FUND	$ 1,721,400	2012-03-06

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
3	610,000 SHS BANK OF AMERICA CORP	$ 6,996,700	2012-12-27

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
4	110,000 SHS FAIRHOLME FUND	$ 3,155,900	2012-03-06

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
6	65,000 SHS FAIRHOLME FUND	$ 2,094,950	2012-09-14

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
		$	

Name of organization
THE FAIRHOLME FOUNDATION

Employer identification number
01-0718240

Part III ***Exclusively*** **religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than $1,000 for the year.** Complete columns **(a)** through **(e) and** the following line entry
For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc ,
contributions of **$1,000 or less** for the year (Enter this information once See instructions) ▶ $
Use duplicate copies of Part III if additional space is needed

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP 4	Relationship of transferor to transferee

Additional Data

Software ID:
Software Version:
EIN: 01-0718240
Name: THE FAIRHOLME FOUNDATION

Form 990 Schedule B, Part I - Contributors (see Instructions) Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	EAST LANE LLC 14 TAHITI BEACH ISLAND RD CORAL GABLES, FL 33143	$ 1,721,400	Person ☑ Payroll ☐ Noncash ☑ (Complete Part II if there is a noncash contribution)
2	FAIRHOLME CAPITAL MANAGEMENT LLC 4400 BISCAYNE BLVD 9TH FL MIAMI, FL 33137	$ 3,400,000	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
3	EAST LANE LLC 14 TAHITI BEACH ISLAND RD CORAL GABLES, FL 33143	$ 6,996,700	Person ☑ Payroll ☐ Noncash ☑ (Complete Part II if there is a noncash contribution)
4	BRUCE TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	$ 3,155,900	Person ☑ Payroll ☐ Noncash ☑ (Complete Part II if there is a noncash contribution)
5	BRUCE TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	$ 400,000	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)
6	BRUCE TRACEY BERKOWITZ 14 TAHITI BEACH ISLAND ROAD CORAL GABLES, FL 33143	$ 2,094,950	Person ☑ Payroll ☐ Noncash ☑ (Complete Part II if there is a noncash contribution)
7	EAST LANE LLC 14 TAHITI BEACH ISLND ROAD CORAL GABLES, FL 33143	$ 3,000,000	Person ☑ Payroll ☐ Noncash ☐ (Complete Part II if there is a noncash contribution)

TY 2012 Accounting Fees Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
ACCOUNTING FEES	7,500			

TY 2012 Depreciation Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

TY 2012 Investments Corporate Stock Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Name of Stock	End of Year Book Value	End of Year Fair Market Value
FIDELITY STOCKS	44,523,435	46,551,345
FAIRHOLME FUND	85,917,993	93,819,732
FAIRHOLME FOCUSED INCOME FUND	10,415,560	9,380,491
FAIRHOLME ALLOCATION FUND	4,528,637	4,503,200

TY 2012 Investments - Other Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category/ Item	Listed at Cost or FMV	Book Value	End of Year Fair Market Value
THE FAIRHOLME PARTNERSHIP LP	AT COST	400,000	400,000

TY 2012 Land, Etc. Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

TY 2012 Legal Fees Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
LEGAL FEES	12,595			

TY 2012 Other Expenses Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Description	Revenue and Expenses per Books	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
CHARITABLE EVENT	6,513			6,513

TY 2012 Taxes Schedule

Name: THE FAIRHOLME FOUNDATION

EIN: 01-0718240

Category	Amount	Net Investment Income	Adjusted Net Income	Disbursements for Charitable Purposes
FOREIGN TAXES PAID	1,225	1,225		

THE FAIRHOLME FOUNDATION

Second Amendment of Trust Agreement

WHEREAS:

(A) The above-named Foundation (the "foundation") was created as a wholly charitable trust ("Trust") by an irrevocable trust agreement (the "agreement") dated June 7, 2002 between Bruce R. Berkowitz, as settlor, and Bruce R. Berkowitz and Tracey P. Berkowitz, as trustees.

(B) Bruce M. Berkowitz and Tracey P Berkowitz are currently serving as trustees of the Trust (the "trustees") and have served continuously as the sole trustees of the Trust since its inception.

(C) By instrument dated July 17, 2007, the trustees changed the name of the foundation from "Bruce and Tracey Berkowitz Foundation" to "The Fairholme Foundation".

(D) By instrument dated September 7, 2007, the trustees amended the agreement to provide, among other things, that: (a) the Trust's situs shall be changed to Florida, (b) the assets of the Trust shall be moved to the state of Florida and (c) the administration, validity and effect of the Trust's provisions shall be determined in accordance with the laws of the State of Florida.

(E) Subdivision (B) of Article VIII of the agreement provides, in pertinent part, as follows:

> "(B) The trustees may at any time amend any of the provisions of this instrument other than the provisions of this Article VIII and the provisions of Article I hereof. Any such amendment may effect any change that the person or persons making such amendment, in their absolute discretion, believe will enable the trustees more effectively to accomplish one or more of the purposes of the Trust set forth in Subdivision (A) of Article I hereof, and any such amendment may specify as the primary purpose or purposes of the Trust one or more purposes more specific than the purposes stated in Section 501(c)(3) of the Internal Revenue Code; provided, however, that no amendment shall be effective to authorize the trustees to conduct the affairs of the Trust in any manner or for any purpose contrary to the provisions of Section 501(c)(3) of the Internal Revenue Code. Any amendment of this instrument shall be effected by instrument signed and acknowledged by the person or persons authorized to make the amendment."

(F) The trustees desire, by execution of this instrument, further to amend the provisions of the agreement, as authorized by Article VIII(B), to effect changes which the trustees believe will enable them more effectively to administer the Foundation and accomplish its purposes.

NOW, THEREFORE, effective as of the date of this instrument, the trustees hereby amend the agreement by deleting Article VI in its entirety and inserting the following new Article VI in its place:

"ARTICLE VI

"Other Provisions Concerning Trustees

"(A) For purposes of this Article VI, BRUCE R. BERKOWITZ and TRACEY P. BERKOWITZ are each referred to as a "Founding Trustee" and are collectively referred to as the "Founding Trustees".

"(B) Any decision by the trustees made pursuant to authority granted under this instrument shall be made by majority vote of the trustees; provided, however, that if a trustee is unable to act, all decisions shall be made by a majority of the other trustees of the Trust at the time in office. Notwithstanding the foregoing provisions of this Subdivision (B), if at any time there shall be a disagreement among the trustees concerning any matter involving the conduct of the affairs of the Trust or the administration of the Trust under this instrument, the decision of the Founding Trustees, or such one of them as from time to time is serving as a trustee of the Trust, shall control.

"(C) Neither of the Founding Trustees, nor any descendant of theirs shall receive compensation for serving as a trustee under this instrument. Any other trustee under this instrument shall receive such compensation, if any, as is provided for in a written agreement between such trustee and either the settlor or the other person or persons who appointed such trustee as hereinafter provided. In the absence of any such agreement, each individual trustee shall receive compensation that is reasonable under the laws of the State of Florida and each corporate trustee shall be compensated in accordance with its regularly published schedule of fees in effect at the time the compensation is payable.

"(D) If either one or both of the Founding Trustees for any reason ceases to serve or is unable to act as a trustee under this instrument, such of the settlor's children, DANIEL J. BERKOWITZ, ALEXANDER M. BERKOWITZ and CHLOE N. BERKOWITZ, as are willing and able to serve shall become trustees of the Trust. If at any time both of the Founding Trustees for any reason cease to serve or are unable to act as trustees of the Trust, WAYNE KELLNER shall become an additional trustee of the Trust.

"(E) Additional or successor trustees may be appointed at any time or times by (i) the Founding Trustees, or such one of them as is then living and able to act or (ii) if neither of the Founding Trustees is then living and able to act, by the individual or individuals from time to time in office as trustees under this instrument. The persons so authorized to appoint additional or successor trustees (i) may determine the order of succession, (ii) may designate any contingency upon which any appointment is to take effect and (iii) may revoke any such appointment until it takes effect by its terms.

"(F) The individuals or individual who would be authorized by the foregoing provisions to appoint additional or successor trustees may at any time remove any trustee (other than a Founding Trustee) from office as a trustee of the Trust under this instrument.

"(G) Any appointment or removal of a trustee shall be effected by instrument signed and acknowledged by the person or persons authorized to take the action and delivered to the individual or corporation being appointed or removed from office.

"(H) Notwithstanding the foregoing provisions of this Article, the appointment and removal of additional or successor trustees are subject to the following rules:

"(1) there shall not at any time be more than one corporation or more than seven individuals in office as trustees of the Trust;

"(2) no corporation shall be eligible for appointment unless at the time of its appointment it shall have, as shown by its then most recently published financial statement or report (i) total capital funds of at least $10,000,000 (and for purposes of this clause (i) the capital of a corporation transacting trust business in Florida is deemed to include the capital of its parent or affiliate in another state, provided the parent or affiliate, directly or indirectly, transacts trust business in the other state) or (ii) trust and other investment assets under management of a value of at least $1,000,000,000;

"(3) the power to appoint additional or successor trustees and to remove trustees shall be exercisable by the Founding Trustees, or such one of them as from time to time is serving as trustee, to change in any manner the designation of successor trustees under Subdivision (D) of this Article; and

"(4) any person who at any time fails for any reason to take office or ceases to serve as a trustee under this instrument shall not be entitled subsequently to take or resume office as a trustee unless and until such person is appointed as provided in Subdivision (E) of this Article.

"(I) Any trustee under this instrument may resign from office, provided that (i) at least one other trustee is then acting, or (ii) a successor trustee is named in this instrument or appointed as provided in this instrument and has, in each case, accepted his appointment. Any resignation shall be effected by instrument signed and acknowledged by the resigning trustee and delivered to his co-trustee or co-trustees then serving or, if none, to each of his duly appointed successor trustees who have accepted his or her appointment.

"(J) Any individual in office as a trustee under this instrument may at any time, by instrument signed and acknowledged by him and delivered to his co-trustee or co-trustees, delegate, or revoke the prior delegation of, any one or more of his powers or authorities as such trustee, whether or not discretionary, to any one or more of his co-trustees.

"(K) Any corporation which shall, by merger, consolidation, purchase or otherwise, succeed to all or substantially all of the personal trust business of any corporation then in office as a trustee (or designated as a successor trustee) shall, thereupon and without any appointment, assignment or other action by anyone, succeed to office as a trustee (or be deemed appointed as a successor trustee) under this instrument.

"(L) To the full extent legally possible, each individual or corporation serving as a trustee is released from any obligation, in any jurisdiction, to furnish any bond or other security, to file any inventory, to render annual or periodic accountings, or to obtain the approval of any court before applying, distributing, selling or otherwise dealing with any property.

"(M) Any individual who is serving as a trustee or who is authorized or required to take any action (whether as a trustee or otherwise) under this instrument shall be deemed unable to act if and so long as he, in the opinion of the person or persons designated to serve as trustee or to take such action in the event of such individual's inability to act, is incapable of acting by reason of advanced age, illness, accident, or any other cause. Any such person shall be justified in assuming that such individual is unable to act if that fact is certified by the spouse of such individual or, if the spouse is not available, by a majority of the then living adult descendants of the settlor or, if no such descendant is available, by the principal physician attending such individual.

"(N) In addition to the foregoing provisions of this Article VI, the trustees and the Trust shall be subject to the following provisions:

> "(1) No person dealing with the trustees shall be required to inquire into the validity, expediency or propriety of any transaction entered into by the trustees or to see to the use or application of any property delivered to the trustees, and the written receipt of the trustees shall constitute a full discharge and release of such person.
>
> "(2) No successor trustee shall be required to investigate or audit the accounts or acts of any prior trustee or to take any action with respect thereto before qualifying or acting.
>
> "(3) If and so long as one or both of the Founding Trustees shall be in office as trustees, all documents and other instruments to which the Trust is a party may be executed by any one of the Founding Trustees acting alone, and any person dealing with the Trust shall be entitled to rely upon the signature of any Founding Trustee acting alone."

IN WITNESS WHEREOF, the undersigned, BRUCE R. BERKOWITZ and TRACEY P. BERKOWITZ have signed this instrument this 18th day of December, 2012 and direct that a copy of this instrument be maintained with the records of the Trust.

Witnesses:

Christine Mann

Troy M Walk

BRUCE R. BERKOWITZ, as trustee

TRACEY P. BERKOWITZ, as trustee

STATE OF Florida)
) ss.:
COUNTY OF Miami-Dade)

The foregoing instrument was acknowledged before me this 18th day of December, 2012 by BRUCE R. BERKOWITZ, who [X] is personally known to me or [ ] has produced ______________ as identification.

M. RANGEL
MY COMMISSION # DD 958799
EXPIRES: February 7, 2014
Bonded Thru Notary Public Underwriters

Notary Public, State of Florida
Print Name: Michael Rangel
My Commission Expires: 2/7/14

STATE OF Florida)
) ss.:
COUNTY OF Miami-Dade)

The foregoing instrument was acknowledged before me this 18th day of December, 2012 by TRACEY P. BERKOWITZ, who [X] is personally known to me or [ ] has produced ______________ as identification.

M. RANGEL
MY COMMISSION # DD 958799
EXPIRES: February 7, 2014
Bonded Thru Notary Public Underwriters

Notary Public, State of Florida
Print Name: Michael Rangel
My Commission Expires: 2/7/14

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