FPA Announces Lower Expenses for FPA New Income, Inc.

Los Angeles (June 1, 2016) – FPA is pleased to announce an expense limitation agreement effective June 1, 2016 for FPA New Income, Inc. ("the Fund"). In keeping with the firm's long standing commitment to putting ***investors first***, FPA, the Fund's investment adviser, has contractually agreed to reimburse the Fund for total annual operating expenses in excess of 0.49% of the average daily net assets of the Fund through May 31, 2017. This expense limitation is equal to a reduction in operating expenses of approximately 15% compared to the Fund's 2015 gross expense ratio of 0.58%.[1]

The Fund's primary investment objective is current income and long-term total return. Capital preservation is also a consideration. In addition, the Fund seeks positive absolute returns over rolling twelve-month periods and a positive real return of inflation plus 100 basis points over rolling five-year periods.

"Global central banks continue their policy of 'financial repression' with an increasing emphasis on using low or even negative interest rates as a tool to attempt to stimulate economic activity," said Fund portfolio managers Thomas Atteberry and Abhijeet Patwardhan.

"The result of these policies is a decrease in the return available from all fixed income securities. Since we will not sacrifice our value investing standards in the pursuit of return, we believe that it is in the best interest of our shareholders to implement this expense limitation agreement. Renewal of the expense limitation agreement will be considered on an annual basis," said the managers.

In addition, the Fund's investment guidelines have been updated so that at least 75% of the Fund's total assets (the high quality portion of the portfolio) may be invested in debt securities rated at least A- or its equivalent (previously only securities rated AA- and higher were eligible to be included in the high quality portion of the portfolio).

"We believe that this update of the investment guidelines in combination with our long-standing investment discipline is consistent with our investment objective and will give us additional flexibility in pursuing that objective," said the managers.

More information can be found in the FPA New Income section of www.fpafunds.com or by referring to the Fund's prospectus supplement dated May 31, 2016.

About FPA

FPA is an independently owned Los Angeles-based institutional money management firm, employing a disciplined approach to value investing and, prudently seeking superior long-term

[1] As of most recent prospectus.

returns while maintaining a focus on capital preservation. FPA currently manages approximately $29 billion across multiple strategies, including five equity and one fixed income.

You should consider the Fund's investment objectives, risks, and charges and expenses carefully before you invest. The Prospectus details the Fund's objective and policies, charges, and other matters of interest to the prospective investor. Please read this Prospectus carefully before investing. The Prospectus may be obtained by visiting the fund literature tab on this website, by email at crm@fpafunds.com, toll-free by calling 1-800-982-4372 or by contacting the Fund in writing.

Investments in mutual funds carry risks and investors may lose principal value. Capital markets are volatile and can decline significantly in response to adverse issuer, political, regulatory, market, or economic developments. The Fund may purchase foreign securities, which are subject to interest rate, currency exchange rate, economic and political risks. The securities of smaller, less well-known companies can be more volatile than those of larger companies.

The return of principal in a bond fund is not guaranteed. Bond funds have the same issuer, interest rate, inflation and credit risks that are associated with underlying bonds owned by the fund. Lower rated bonds, convertible securities and other types of debt obligations involve greater risks than higher rated bonds.

Interest rate risk is when interest rates go up, the value of fixed income securities, such as bonds, typically go down and investors may lose principal value. Credit risk is the risk of loss of principle due to the issuer's failure to repay a loan. Generally, the lower the quality rating of a security, the greater the risk that the issuer will fail to pay interest fully and return principal in a timely manner. If an issuer defaults the security may lose some or all its value.

Mortgage securities and collateralized mortgage obligations (CMOs) are subject to prepayment risk and the risk of default on the underlying mortgages or other assets; such derivatives may increase volatility. Convertible securities are generally not investment grade and are subject to greater credit risk than higher-rated investments. High yield securities can be volatile and subject to much higher instances of default.

The Fund may experience increased costs, losses and delays in liquidating underlying securities should the seller of a repurchase agreement declare bankruptcy or default. Significant taxable distributions impact fund expenses which in turn negatively impacts Fund performance.

The Fund is distributed by UMB Distribution Services, LLC.