

FPA FUNDS

NOTICE ACCOMPANYING IRS FORM 1099-DIV CALENDAR 2016

The enclosed Form 1099-DIV shows the federal tax status of dividends and distributions paid to you which are taxable in 2016. Below is additional information for each Fund.

Income from U.S. Treasury Securities (1):

Included in the total ordinary dividends reported in Box 1a on Form 1099-DIV may be income derived from obligations of the United States Government. Such income may be exempt from state or local taxation. If so, multiply the income percentage provided below by the amount in Box 1a of your Form 1099-DIV to determine the amount of exempt interest. The percentage represents the amount of income from U.S. government obligations generally exempt from state income tax.

Corporate Dividend Received Deduction (2):

The following percentages of the ordinary dividends received during 2016 qualify for the 70% corporate dividend received deduction. To determine the amount of dividends that qualify, corporate shareholders should multiply the total ordinary dividends reported in Box 1a of your Form 1099-DIV by the percentages noted below for each Fund in which you are invested.

Foreign Taxes (3):

You are allowed to claim a tax credit or an itemized deduction on your federal income tax return for your share of foreign taxes paid by a mutual fund during 2016. In most cases, you will receive more benefit by claiming a tax credit. The amount reported in Box 6 of Form 1099-DIV represents the amount of creditable foreign taxes paid by the mutual fund. The information in column (3) below will assist you in calculating the information necessary to claim either a credit or itemized deduction.

To calculate your total foreign source income passed through from the mutual fund, multiply the amount reported in Box 1a of Form 1099-DIV by the foreign source income factor shown in the Total Foreign Source Income Factor in column (3) below for each Fund in which you are invested.

	(1) Income from U.S. Treasury Securities	(2) Corporate Dividend Received Deduction	(3) Total Foreign Source Income Factor
FPA CAPITAL FUND, INC.	1.04%	100.00%	—
FPA CRESCENT FUND	10.55%	88.10%	—
FPA INTERNATIONAL VALUE FUND	—	1.73%	98.60%
FPA NEW INCOME, INC.	3.15%	—	—
FPA PARAMOUNT FUND, INC.	—	34.38%	87.35%
FPA U.S. VALUE FUND, INC.	—	100.00%	—