

## Third Avenue Funds

### 2010 Federal Income Tax Information

The following information may be helpful to you in completing your tax returns. You may call us, at 1-800-443-1021, if you have any questions about the information presented or if you need additional information. Please note that Third Avenue Funds does not provide tax advice and no information provided by Third Avenue Funds should be construed as tax advice. You should consult your tax adviser for professional guidance.

2010 Forms 1099-DIV were mailed to direct shareholders in February 2011. Direct shareholders may also be able to access electronic versions of their 2010 tax information, certain prior year tax information and certain account statements through our website, although such 2010 information may not be immediately available.

	Third Avenue Value Fund -		Third Avenue Small Cap Value Fund -		Third Avenue Real Estate Value Fund -		Third Avenue International Value Fund -	
	Institutional Cl.	Investor Cl.	Institutional Cl.	Investor Cl.	Institutional Cl.	Investor Cl.	Institutional Cl.	Investor Cl.
<b>2010 Total Distribution Per Share</b>	\$0.9670	\$0.9027	\$0.2100	\$0.1856	\$0.9228	\$0.8911	\$0.2853	\$0.2637
<b>Record Date</b>	12/20/10	12/20/10	12/20/10	12/20/10	12/20/10	12/20/10	12/20/10	12/20/10
<b>Payable Date</b>	12/21/10	12/21/10	12/21/10	12/21/10	12/21/10	12/21/10	12/21/10	12/21/10
<b>2010 FORM 1099-DIV - PER SHARE AMOUNTS</b>								
<b>Components of Total Ordinary Dividends:</b>								
Ordinary Income	\$0.9670	\$0.9027	\$0.2100	\$0.1856	\$0.9228	\$0.8911	\$0.2853	\$0.2637
Short-Term Capital Gains (treated as ordinary income)	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
Foreign Taxes Paid	\$0.0387	\$0.0387	\$0.0000	\$0.0000	\$0.0120	\$0.0120	\$0.0281	\$0.0281
<b>Total Ordinary Dividends - Form 1099 Box 1a</b>	<b>\$1.0057</b>	<b>\$0.9414</b>	<b>\$0.2100</b>	<b>\$0.1856</b>	<b>\$0.9348</b>	<b>\$0.9031</b>	<b>\$0.3134</b>	<b>\$0.2918</b>
<b>Qualified Dividends - Form 1099 Box 1b</b> (included above in "Total Ordinary Dividends" )	\$0.2246	\$0.2102	\$0.1783	\$0.1576	\$0.3501	\$0.3382	\$0.3016	\$0.2808
<b>Total Capital Gain Distributions - Form 1099 Box 2a</b>	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
<b>Foreign Tax Paid - Form 1099 Box 6</b>	\$0.0387	\$0.0387	\$0.0000	\$0.0000	\$0.0120	\$0.0120	\$0.0281	\$0.0281
<b>Foreign Tax Pass Through - Additional Information</b>	See Below	See Below	Not Applicable	Not Applicable	See Below	See Below	See Below	See Below
<b>Supplemental Federal Tax Information</b>								
Ordinary Income Dividends	\$0.9670	\$0.9027	\$0.2100	\$0.1856	\$0.9228	\$0.8911	\$0.2853	\$0.2637
Percentage of Ordinary Income Dividends which may qualify for the corporate dividends received deduction	9.60%	9.60%	54.19%	54.19%	25.07%	25.07%	58.93%	58.93%

**Third Avenue Focused Credit Fund - Institutional Class**

<u>Record Date</u>	<u>Payment Date</u>	<u>Total Distribution Per Share</u>	<u>Components of Total Ordinary Dividends</u>		<u>Total Ordinary Dividends** (Form 1099 Box 1a)</u>	<u>Long-Term Capital Gains (Form 1099 Box 2a)</u>
			<u>Ordinary Income</u>	<u>Short-Term Capital Gains *</u>		
3/22/2010	3/23/2010	\$0.1300	\$0.1300	\$0.0000	\$0.1300	\$0.0000
6/21/2010	6/22/2010	\$0.1850	\$0.1850	\$0.0000	\$0.1850	\$0.0000
9/20/2010	9/21/2010	\$0.1900	\$0.1900	\$0.0000	\$0.1900	\$0.0000
12/20/2010	12/21/2010	\$0.3568	\$0.2522	\$0.0993	\$0.3515	\$0.0053
		<u>\$0.8618</u>	<u>\$0.7572</u>	<u>\$0.0993</u>	<u>\$0.8565</u>	<u>\$0.0053</u>

**Third Avenue Focused Credit Fund - Investor Class**

<u>Record Date</u>	<u>Payment Date</u>	<u>Total Distribution Per Share</u>	<u>Components of Total Ordinary Dividends</u>		<u>Total Ordinary Dividends** (Form 1099 Box 1a)</u>	<u>Long-Term Capital Gains (Form 1099 Box 2a)</u>
			<u>Ordinary Income</u>	<u>Short-Term Capital Gains *</u>		
3/22/2010	3/23/2010	\$0.1247	\$0.1247	\$0.0000	\$0.1247	\$0.0000
6/21/2010	6/22/2010	\$0.1784	\$0.1784	\$0.0000	\$0.1784	\$0.0000
9/20/2010	9/21/2010	\$0.1821	\$0.1821	\$0.0000	\$0.1821	\$0.0000
12/20/2010	12/21/2010	\$0.3497	\$0.2451	\$0.0993	\$0.3444	\$0.0053
		<u>\$0.8349</u>	<u>\$0.7303</u>	<u>\$0.0993</u>	<u>\$0.8296</u>	<u>\$0.0053</u>

\* Short-term capital gain distributions should generally be treated as ordinary income for income tax purposes.  
The Components of Total Ordinary Income are provided for information purposes.

\*\*No portion of the Total Ordinary Dividends from Third Avenue Focused Credit Fund should be treated as qualified dividend income and no portion should be treated as qualifying for the corporate dividends received deduction.

## **Third Avenue Funds 2010 Foreign Tax Information**

**The following information is applicable only to shareholders of Third Avenue Value Fund, Third Avenue Real Estate Value Fund or Third Avenue International Value Fund.**

Third Avenue Value Fund, Third Avenue Real Estate Value Fund and Third Avenue International Value Fund have each elected to pass through to shareholders foreign taxes paid during 2010. These foreign taxes were reported in Box 6 of your 2010 Form 1099-DIV. You may be able to claim either a foreign tax credit or a deduction with regard to these taxes. You should consult your tax adviser.

You may be eligible to claim the foreign tax credit without preparing Form 1116 – Foreign Tax Credit (Individual, Estate or Trust). You may qualify to make this election if the total of your foreign taxes is not more than \$300 (\$600 if married filing a joint return) and you meet certain other conditions. You should consult your tax adviser concerning your eligibility to make this election or the manner in which to claim the credit.

If you are required to file Form 1116, the following is meant to provide you with the information necessary to complete such Form.

To determine the amount of foreign source income from a Fund, multiply the amount reported by the relevant Fund as “Total Ordinary Dividends” in Box 1a of your 2010 Form 1099-DIV by the “Foreign Source Income Percentage” for the Fund from the table below.

You may be required to make certain adjustments to the foreign tax credit calculation if you claim the reduced tax rate on qualified dividend income. To determine the amount of foreign qualified dividend income from a Fund, multiply the amount reported by the relevant Fund as “Total Ordinary Dividends” in Box 1a of your 2010 Form 1099-DIV by the “Foreign Qualified Dividend Income Percentage” for the relevant Fund from the table below:

<u>Fund</u>	<b>Foreign Source Income Percentage</b> (Apply to Box 1a)	<b>Foreign Qualified Dividend Income Percentage</b> (Apply to Box 1a)
Third Avenue Value Fund	46.91%	8.54%
Third Avenue Real Estate Value Fund	18.25%	10.13%
Third Avenue International Value Fund	58.76%	28.85%

**Please note that Third Avenue Funds does not provide tax advice and no information provided by Third Avenue Funds should be construed as tax advice. We strongly urge you to consult your tax adviser so that he or she may properly advise you.**

## 2010 Supplemental Information for State Reporting Purposes

### Information Concerning U.S. Government Obligations

During 2010, the Third Avenue Funds held investments in U.S. Treasury Securities.

Certain states and local jurisdictions may allow you to exclude from your taxable income that portion of a mutual fund's dividends which is treated as derived from U.S. Government obligations. In certain states this exclusion may not be allowed, unless a threshold percentage of the mutual fund's assets consist of obligations of the United States or its possessions. The laws in each jurisdiction may vary. You should consult your tax adviser.

Certain states and local jurisdictions may impose an intangibles tax or personal property tax on the value of certain intangible assets including mutual funds. Depending upon the laws of the specific jurisdiction, the value of such assets attributable to U.S. Government obligations may be exempt from these taxes. You should consult your tax adviser.

	Net Asset Value Per Share (NAV) at 12/31/10	% of NAV Related to U.S. Treasury Securities at 12/31/10	% of Total Ordinary Dividends (Form 1099-DIV Box 1a) from U.S. Treasury Securities
Third Avenue Value Fund - Institutional Class	\$51.76	1.97%	0.17%
Investor Class	\$51.76	1.97%	0.17%
Third Avenue Small-Cap Value Fund - Institutional Class	\$20.92	11.42%	0.84%
Investor Class	\$20.91	11.42%	0.84%
Third Avenue Real Estate Value Fund - Institutional Class	\$23.16	11.64%	0.13%
Investor Class	\$23.15	11.64%	0.13%
Third Avenue International Value Fund - Institutional Class	\$16.93	1.93%	0.33%
Investor Class	\$16.92	1.93%	0.33%
Third Avenue Focused Credit Fund - Institutional Class	\$11.23	0.00%	0.00%
Investor Class	\$11.23	0.00%	0.00%

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