



Estimated Capital Gains

In accordance with IRS rules, mutual funds are required to distribute substantially all net investment income and net capital gains to shareholders. Therefore, some of the Baird Funds are required to make capital gain distributions in December. Funds normally distribute net capital gains earned through October 31st to all shareholders before the end of the calendar year.

Information concerning capital gain distributions will be provided at www.bairdfunds.com:

October: an estimate of year-end required distributions. These amounts could be subject to change.

Late December: final notification of actual distributions to be paid in 2014.

Record Date December 24, 2014
Ex-date / Reinvest Date December 26, 2014
Payable Date December 29, 2014

***** ESTIMATES *****

| Fund | Ticker | Estimated Short Term Capital Gain Paid per share | Estimated Long Term Capital Gain Paid per share | Fund Price (NAV) As of 10/24/14 |
|-----------------------------------|--------|---|--|------------------------------------|
| Baird LargeCap-Inst. | BHGIX | \$0.099 | \$0.010 | 8.54 |
| Baird LargeCap-Investor | BHGSX | \$0.099 | \$0.010 | 8.48 |
| Baird MidCap-Inst. | BMDIX | \$0.015 | \$0.158 | 15.07 |
| Baird MidCap-Investor | BMDSX | \$0.015 | \$0.158 | 14.49 |
| Baird SmallCap Value-Inst. | BSVIX | \$0.019 | \$0.367 | 13.41 |
| Baird SmallCap Value-Investor | BSVSX | \$0.019 | \$0.367 | 13.35 |
| Baird Ultra Short Bond - Inst. | BUBIX | None | None | 10.06 |
| Baird Ultra Short Bond - Investor | BUBSX | None | None | 10.06 |
| Baird Short Term Bond - Inst. | BSBIX | \$0.002 | \$0.004 | 9.74 |
| Baird Short Term Bond - Investor | BSBSX | \$0.002 | \$0.004 | 9.74 |
| Baird Intermediate Bond-Inst | BIMIX | None | \$0.015 | 11.21 |
| Baird Intermediate Bond-Investor | BIMSX | None | \$0.015 | 11.66 |
| Baird Aggregate Bond-Inst. | BAGIX | None | None | 10.82 |
| Baird Aggregate Bond-Investor | BAGSX | None | None | 11.15 |
| Baird Core Plus Bond-Inst. | BCOIX | None | None | 11.17 |
| Baird Core Plus Bond-Investor | BCOSX | None | None | 11.58 |
| Baird Int. Muni Bond-Inst | BMBIX | None | None | 11.86 |
| Baird Int. Muni Bond-Investor | BMBSX | None | None | 12.12 |

These estimated capital gains are as of 10/24/14. Keep in mind that market conditions, portfolio changes, and/or changes in outstanding fund shares could affect these estimates substantially. This information is NOT FINAL and is subject to change until the ex-dividend date.

Final capital gains are reported on Form 1099-DIV which will be mailed to shareholders in late January.

Baird Funds, Robert W. Baird & Co., and its affiliates do not provide tax advice. This information is provided for general educational purposes only. The information is not to be relied upon for legal or tax advice. Investors should consult with their legal or tax advisors for personalized assistance, including information regarding any specific state law requirements.

Investors should consider the investment objectives, risks, charges and expenses of the fund carefully before investing. This, and other information can be found in the prospectus or summary prospectus. A prospectus or summary prospectus may be obtained by visiting www.bairdfunds.com or by contacting Baird Funds directly at 800-444-9102. Please read the prospectus or summary prospectus carefully before investing.

Past performance is no guarantee of future results.

Baird Funds are offered through Robert W. Baird & Co., a registered broker/dealer. Baird also serves as investment advisor for the Funds and receives compensation for these services as disclosed in the current prospectus.