

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name		2 Issuer's employer identification number (EIN)	
Baird Funds, Inc. - Baird Quality Intermediate Municipal Bond Fund		39-2002096	
3 Name of contact for additional information	4 Telephone No. of contact	5 Email address of contact	
Heidi Schneider	414-298-7857	hschneider@rwbaird.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact		7 City, town, or post office, state, and ZIP code of contact	
777 E Wisconsin Ave.		Milwaukee, WI 53202	
8 Date of action		9 Classification and description	
SEE BOX 14		RETURN OF CAPITAL DISTRIBUTION	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
057071607	NOT APPLICABLE	BMBIX	NOT APPLICABLE

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **THE BAIRD FUNDS, INC. - BAIRD QUALITY INTERMEDIATE MUNICIPAL BOND FUND PAID CAPITAL DISTRIBUTIONS TO THE SHAREHOLDERS OF RECORD ON THE DATES LISTED BELOW, A PORTION OF WHICH CONSTITUTES A NON-TAXABLE RETURN.**

RECORD DATE: 1/24/17; PAYABLE DATE 1/26/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
 RECORD DATE: 2/24/17; PAYABLE DATE 2/28/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
 RECORD DATE: 3/24/17; PAYABLE DATE 3/28/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
 RECORD DATE: 4/24/17; PAYABLE DATE 4/26/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
 RECORD DATE: 5/24/17; PAYABLE DATE 5/26/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
 RECORD DATE: 6/23/17; PAYABLE DATE 6/27/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **THE PORTION OF THE DISTRIBUTION THAT CONSTITUTES RETURN OF CAPITAL WILL DECREASE A U.S. TAXPAYER'S BASIS IN THE SHARES OF THE ISSUER. THE TOTAL NONTAXABLE RETURN OF CAPITAL PORTION OF THE DIVIDENDS PAID ARE LISTED BELOW.**

RECORD DATE: 1/24/17; PAYABLE DATE 1/26/17; RETURN OF CAPITAL PER SHARE .00004377
 RECORD DATE: 2/24/17; PAYABLE DATE 2/28/17; RETURN OF CAPITAL PER SHARE .00005630
 RECORD DATE: 3/24/17; PAYABLE DATE 3/28/17; RETURN OF CAPITAL PER SHARE .00005184
 RECORD DATE: 4/24/17; PAYABLE DATE 4/26/17; RETURN OF CAPITAL PER SHARE .00005590
 RECORD DATE: 5/24/17; PAYABLE DATE 5/26/17; RETURN OF CAPITAL PER SHARE .00005434
 RECORD DATE: 6/23/17; PAYABLE DATE 6/27/17; RETURN OF CAPITAL PER SHARE .00005370

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **THE FUND COMPUTED THE AMOUNT OF EARNINGS AND PROFITS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017. THE AMOUNT OF THE DISTRIBUTIONS THAT CONSTITUTE NONTAXABLE RETURN OF CAPITAL IS THE AMOUNT BY WHICH THE DISTRIBUTIONS MADE (ON A PER SHARE BASIS) EXCEEDED EARNINGS AND PROFITS PER SHARE.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **IRC 301,316**

18 Can any resulting loss be recognized? ▶ **NO LOSS CAN BE RECOGNIZED BY THE SHAREHOLDERS OF RECORD ON THE DATES LISTED BELOW FOR THE NONTAXABLE RETURN OF CAPITAL RECEIVED.**

- RECORD DATE 1/24/17
- RECORD DATE 2/24/17
- RECORD DATE 3/24/17
- RECORD DATE 4/24/17
- RECORD DATE 5/24/17
- RECORD DATE 6/23/17

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **THE INFORMATION PROVIDED ABOVE WILL BE PROVIDED ON THE SHAREHOLDERS 2017 1099 DIV STATEMENT BOX 3.**

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 officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Heidi Schneider Date ▶ 3/5/18

Print your name ▶ Heidi Schneider Title ▶ Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			

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1 Issuer's name		2 Issuer's employer identification number (EIN)	
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777 E Wisconsin Ave.		Milwaukee, WI 53202	
8 Date of action		9 Classification and description	
SEE BOX 14		RETURN OF CAPITAL DISTRIBUTION	
10 CUSIP number	11 Serial number(s)	12 Ticker symbol	13 Account number(s)
057071607	NOT APPLICABLE	BMBIX	NOT APPLICABLE

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **THE BAIRD FUNDS, INC. - BAIRD QUALITY INTERMEDIATE MUNICIPAL BOND FUND PAID CAPITAL DISTRIBUTIONS TO THE SHAREHOLDERS OF RECORD ON THE DATES LISTED BELOW, A PORTION OF WHICH CONSTITUTES A NON-TAXABLE RETURN.**

RECORD DATE: 7/24/17; PAYABLE DATE 7/26/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
RECORD DATE: 8/24/17; PAYABLE DATE 8/28/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
RECORD DATE: 9/22/17; PAYABLE DATE 9/26/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
RECORD DATE: 10/24/17; PAYABLE DATE 10/26/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
RECORD DATE: 11/24/17; PAYABLE DATE 11/28/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION
RECORD DATE: 12/22/17; PAYABLE DATE 12/27/17; RETURN OF CAPITAL 0.2435% OF TOTAL DISTRIBUTION

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **THE PORTION OF THE DISTRIBUTION THAT CONSTITUTES RETURN OF CAPITAL WILL DECREASE A U.S. TAXPAYER'S BASIS IN THE SHARES OF THE ISSUER. THE TOTAL NONTAXABLE RETURN OF CAPITAL PORTION OF THE DIVIDENDS PAID ARE LISTED BELOW.**

RECORD DATE: 7/24/17; PAYABLE DATE 7/26/17; RETURN OF CAPITAL PER SHARE .00005660
RECORD DATE: 8/24/17; PAYABLE DATE 8/28/17; RETURN OF CAPITAL PER SHARE .00005577
RECORD DATE: 9/22/17; PAYABLE DATE 9/26/17; RETURN OF CAPITAL PER SHARE .00005202
RECORD DATE: 10/24/17; PAYABLE DATE 10/26/17; RETURN OF CAPITAL PER SHARE .00005153
RECORD DATE: 11/24/17; PAYABLE DATE 11/28/17; RETURN OF CAPITAL PER SHARE .00005260
RECORD DATE: 12/22/17; PAYABLE DATE 12/27/17; RETURN OF CAPITAL PER SHARE .00006314

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **THE FUND COMPUTED THE AMOUNT OF EARNINGS AND PROFITS FOR THE FISCAL YEAR ENDING DECEMBER 31, 2017. THE AMOUNT OF THE DISTRIBUTIONS THAT CONSTITUTE NONTAXABLE RETURN OF CAPITAL IS THE AMOUNT BY WHICH THE DISTRIBUTIONS MADE (ON A PER SHARE BASIS) EXCEEDED EARNINGS AND PROFITS PER SHARE.**

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ **IRC 301,316**

Multiple horizontal lines for listing applicable Internal Revenue Code sections and subsections.

18 Can any resulting loss be recognized? ▶ **NO LOSS CAN BE RECOGNIZED BY THE SHAREHOLDERS OF RECORD ON THE DATES LISTED BELOW FOR THE NONTAXABLE RETURN OF CAPITAL RECEIVED.**

- RECORD DATE 7/24/17
- RECORD DATE 8/24/17
- RECORD DATE 9/22/17
- RECORD DATE 10/24/17
- RECORD DATE 11/24/17
- RECORD DATE 12/22/17

Multiple horizontal lines for providing additional information for question 18.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ **THE INFORMATION PROVIDED ABOVE WILL BE PROVIDED ON THE SHAREHOLDERS 2017 1099 DIV STATEMENT BOX 3.**

Multiple horizontal lines for providing other information necessary to implement the adjustment.

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 officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ Heidi Schneider Date ▶ 3/5/18

Print your name ▶ Heidi Schneider Title ▶ Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶	Firm's EIN ▶			
	Firm's address ▶	Phone no.			