Baird Funds

2010 Capital Gain Payouts – Final

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 :

Record Date	**December 23, 2010**
Ex-date / Reinvest Date	**December 27, 2010**
Payable Date	**December 28, 2010**

********** FINAL **********

Fund	Ticker	Short Term Capital Gain Paid per share	Long Term Capital Gain Paid per share	Fund Price (NAV) as of 12/27/2010	Total Cap Gain As a % of Net Assets
Baird LargeCap-Institutional	BHGIX	None	None	$8.95	
Baird LargeCap-Investor	BHGSX	None	None	$8.93	
Baird MidCap-Institutional	BMDIX	None	None	$10.09	
Baird MidCap-Investor	BMDSX	None	None	$9.80	
Baird Aggregate Bond-Inst.	BAGIX	None	**$0.06112**	$10.49	**0.5827 %**
Baird Aggregate Bond-Inv.	BAGSX	None	**$0.06112**	$10.76	**0.5680 %**
Baird Core Plus Bond-Inst.	BCOIX	**$0.01066**	**$0.03832**	$10.48	**0.4674 %**
Baird Core Plus Bond-Inv.	BCOSX	**$0.01066**	**$0.03832**	$10.82	**0.4527 %**
Baird Intermediate Bond-Inst	BIMIX	**$0.01463**	**$0.07388**	$10.84	**0.8165 %**
Baird Intermediate Bond-Inv	BIMSX	**$0.01463**	**$0.07388**	$11.23	**0.7882 %**
Baird Int. Muni Bond-Inst	BMBIX	None	None	$11.32	
Baird Int. Muni Bond-Inv.	BMBSX	None	None	$11.55	
Baird Short Term Bond	BSBIX	**$0.01038**	**$0.00988**	$9.66	**0.2097 %**

These capital gains were payable on 12/28/2010 based on a record date of 12/23/2010 and for those accounts sent up for automatic reinvestment, were reinvested as of the 12/27/2010 ex-date/reinvestment date.

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

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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. A prospectus may be obtained by visiting www.bairdfunds.com or by contacting Baird Funds directly at 800-444-9102. Please read the 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.