

**STERLING CAPITAL FUNDS
TAX-EXEMPT INCOME INFORMATION
CALENDAR YEAR 2011**

Certain states do not tax mutual fund dividends derived from interest on their own obligations. However, they may tax dividends derived from interest on obligations of other states. The table below shows the percentage of exempt-interest dividends derived from each state or territory. To determine the amount which may be exempt from state income tax, (1) add together the total amount of income dividends and short-term capital gain dividends you received during 2011 as reported on your account statements, (2) subtract the amount reported in box 1a of Form 1099-DIV from the amount determined in (1) above, and (3) multiply the result by the percentage shown in the table below for your state or territory.

State & Territory	Kentucky Intermediate Tax- Free Fund Tax-Exempt Income %	Maryland Intermediate Tax- Free Fund Tax-Exempt Income %	North Carolina Intermediate Tax- Free Fund Tax-Exempt Income %	South Carolina Intermediate Tax- Free Fund Tax-Exempt Income %	Virginia Intermediate Tax- Free Fund Tax-Exempt Income %	West Virginia Intermediate Tax- Free Fund Tax-Exempt Income %	National Tax-Free Money Market Fund Tax-Exempt Income %
Alabama	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Alaska	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.55%
Arkansas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Arizona	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.08%
California	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.78%
Colorado	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.06%
Connecticut	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.78%
Delaware	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
District of Columbia	0.00%	1.52%	0.00%	0.00%	1.15%	0.00%	0.00%
Florida	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.66%
Guam	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Georgia	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	10.56%
Hawaii	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Idaho	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Illinois	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.98%
Indiana	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Iowa	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kansas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Kentucky	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Louisiana	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.16%
Maine	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Maryland	0.00%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Massachusetts	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.07%
Michigan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Minnesota	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.18%
Mississippi	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.16%
Missouri	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Montana	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Nebraska	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Nevada	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.72%
New Hampshire	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New Jersey	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.18%
New Mexico	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
New York	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	4.33%
North Carolina	0.00%	0.00%	100.00%	0.00%	0.00%	0.00%	0.28%
North Dakota	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Ohio	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	31.21%
Oklahoma	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.07%
Oregon	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Pennsylvania	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.07%
Puerto Rico	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rhode Island	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
South Carolina	0.00%	0.00%	0.00%	100.00%	0.00%	0.00%	2.11%
South Dakota	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tennessee	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Texas	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	5.33%
U.S. Virgin Islands	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Utah	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.21%
Vermont	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.08%
Virginia	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%	2.73%
Washington	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	6.84%
West Virginia	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	0.00%
Wisconsin	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.82%
Wyoming	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Interest income from certain securities the fund invested in during calendar year 2011 is subject to the alternative minimum tax ("AMT"). To determine the amount (1) add together the total amount of income dividends and short-term capital gain dividends you received during 2011 as reported on your account statements, (2) subtract the amount reported in box 1a of Form 1099-DIV from the amount determined in (1) above, and (3) multiply the result by the percentage shown below.

The Sterling Capital Funds on this notice had 0.00% of Income subject to AMT for calendar year 2011.

This notice is provided to you for informational purposes only, and should not be considered tax advice. Please consult your tax advisor for further assistance. For any other questions, please contact the fund(s) at 1-800-228-1872.