

FORM 1099-DIV: Municipal interest income

Tax-free funds

Tax-free funds are mutual funds with income dividends that are earned from bonds issued by a municipality and are generally exempt from federal income tax. A portion of the federally exempt interest dividends from some state-specific tax-free *Wells Fargo Advantage Funds*® may be exempt from state income tax, especially if you live in the state of issue.

To determine the amount of income exempt from state income tax, examine the table to find the fund you held during the 2013 tax year and its percentage value for your state of residence. Refer to your 2013 Form 1099-DIV, box 10, for your tax-exempt dividends. Multiply this amount by your fund's percentage value. This will give you the amount of income that is exempt from state income tax.

Income from territorial obligations (Guam, Puerto Rico, and the U.S. Virgin Islands) is generally exempt from both federal and state personal income taxes. Some states (such as California, Connecticut, Iowa, Massachusetts, Minnesota, Mississippi, and Virginia) impose restrictions on the ability to pass through to you the exempt nature of your fund's interest income. Other states (including Indiana, Utah, and Wisconsin) provide a limited tax exemption. Additional information for Indiana and Utah residents is available on the website at wellsfargoadvantagefunds.com, keyword: tax center. Please consult your tax advisor regarding these state restrictions and limited exemptions.

TABLE 1: Percentage of income derived from national tax-free funds

WELLS FARGO ADVANTAGE FUNDS									
State/territory	High Yield Municipal Bond Fund (%)	Intermediate Tax/AMT-Free Fund (%)	Municipal Bond Fund (%)	Municipal Cash Management Money Market Fund (%)	Municipal Money Market Fund (%)	National Tax-Free Money Market Fund (%)	Short-Term Municipal Bond Fund (%)	Strategic Municipal Bond Fund (%)	Ultra Short-Term Municipal Income Fund (%)
Alabama	2.90	0.86	0.15	0.50	0.80	2.07	0.67	0.16	0.98
Alaska	0.01	0.19	0.16	1.17	0.63	0.00	0.21	0.49	0.38
Arizona	8.92	1.61	1.23	0.40	1.49	1.26	1.45	1.87	2.40
Arkansas	0.00	0.03	0.00	0.23	0.16	0.07	0.00	0.06	0.03
California	19.06	19.26	16.52	8.56	6.00	15.74	6.80	12.27	11.79
Colorado	2.02	0.65	2.72	1.12	2.59	1.61	0.65	1.20	0.90
Connecticut	0.00	0.46	0.64	0.26	0.01	0.12	1.46	1.11	0.76
Delaware	0.00	0.00	0.03	4.25	2.12	3.84	0.03	0.00	0.28
District of Columbia	0.00	1.05	0.42	0.70	1.11	0.77	0.28	0.04	0.50
Florida	4.09	5.75	3.73	7.68	6.61	8.94	8.27	6.68	7.12
Georgia	2.88	1.37	1.71	1.12	1.58	1.42	1.38	1.69	1.40
Hawaii	0.00	0.00	0.05	0.02	0.00	0.47	0.00	0.00	0.00
Idaho	3.81	0.47	1.06	0.02	0.01	0.54	0.01	0.00	0.00
Illinois	2.72	13.89	15.16	6.93	4.73	7.07	11.59	12.68	11.12
Indiana	0.09	2.35	1.68	2.75	1.75	2.00	3.90	1.60	1.43
Iowa	1.33	1.08	0.25	1.04	2.02	2.44	0.92	1.15	0.01
Kansas	0.00	0.64	0.70	0.13	0.63	0.29	1.30	0.27	0.00
Kentucky	2.05	0.44	0.51	0.74	1.45	1.30	0.32	0.59	1.17
Louisiana	0.95	1.98	1.53	1.83	2.63	1.34	3.59	2.16	3.43
Maine	0.00	0.00	0.43	0.10	0.18	0.03	0.35	0.00	0.02
Maryland	0.00	0.12	0.26	0.26	0.00	1.31	0.91	1.01	0.05
Massachusetts	0.00	1.52	1.87	0.57	1.34	1.33	1.01	2.07	1.56
Michigan	16.65	6.82	6.99	6.63	4.82	1.43	6.07	6.94	3.42
Minnesota	0.00	0.86	0.27	2.83	5.20	2.94	1.14	0.62	0.18
Mississippi	0.00	0.17	0.13	0.09	0.68	0.80	0.10	0.05	0.02
Missouri	0.00	0.35	0.77	1.40	2.02	1.58	0.40	0.65	0.43
Montana	0.00	0.00	0.00	0.39	0.00	0.00	0.00	0.00	0.04
Nebraska	0.04	0.07	0.04	0.51	0.65	0.02	0.61	1.08	1.34
Nevada	1.09	2.10	0.24	0.71	0.45	0.17	0.80	0.59	0.32
New Hampshire	0.00	0.19	0.11	1.71	0.13	0.75	0.26	0.14	0.08
New Jersey	4.12	5.09	4.24	1.59	2.22	0.97	4.92	3.24	6.36
New Mexico	0.00	0.19	0.05	0.38	0.21	0.00	0.27	0.38	0.10
New York	4.07	4.47	6.62	4.35	4.60	4.66	9.65	8.84	15.57
North Carolina	0.00	0.70	0.40	2.19	0.99	1.11	1.14	0.28	0.49
North Dakota	0.00	0.11	0.00	2.70	3.28	0.41	0.21	0.41	0.36
Ohio	0.00	0.93	1.17	2.93	2.84	2.45	2.06	1.46	1.75
Oklahoma	0.00	0.98	0.35	0.03	0.43	0.08	0.41	0.23	0.29
Oregon	0.00	0.10	0.17	0.03	0.14	0.12	0.07	0.00	0.10
Pennsylvania	2.66	6.02	4.86	2.73	4.99	5.40	9.17	6.02	3.45
Rhode Island	3.27	0.89	0.17	0.22	0.31	0.30	0.11	0.94	0.79
South Carolina	2.35	1.26	1.64	0.35	1.67	0.72	0.67	0.90	0.70
South Dakota	0.00	0.13	0.95	1.09	0.00	0.38	0.05	0.10	0.00

TABLE 1: Percentage of income derived from national tax-free funds (continued)

WELLS FARGO ADVANTAGE FUNDS									
State/territory	High Yield Municipal Bond Fund (%)	Intermediate Tax/AMT-Free Fund (%)	Municipal Bond Fund (%)	Municipal Cash Management Money Market Fund (%)	Municipal Money Market Fund (%)	National Tax-Free Money Market Fund (%)	Short-Term Municipal Bond Fund (%)	Strategic Municipal Bond Fund (%)	Ultra Short-Term Municipal Income Fund (%)
Tennessee	1.03	2.15	1.64	0.19	0.36	0.87	4.95	3.12	4.39
Texas	3.62	6.96	9.33	16.51	13.42	12.34	4.19	7.60	8.91
Utah	0.50	0.32	1.19	0.00	0.18	0.29	0.10	1.09	0.07
Vermont	0.42	0.00	0.72	1.03	0.08	0.42	0.84	0.55	0.00
Virginia	0.00	0.37	0.84	3.60	6.65	1.74	0.57	0.70	0.33
Washington	0.00	1.13	0.48	0.49	1.34	0.95	0.39	1.12	0.32
West Virginia	2.95	0.24	0.08	0.42	0.00	0.08	0.31	0.34	0.62
Wisconsin	2.84	0.87	1.69	2.28	3.48	4.16	2.04	1.08	0.54
Wyoming	0.00	0.00	0.12	1.87	0.71	0.02	0.00	0.00	0.00
American Samoa	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Guam	0.85	0.47	0.68	0.00	0.00	0.00	0.18	0.57	0.06
Puerto Rico	2.71	0.90	1.83	0.37	0.31	0.88	2.22	2.53	3.52
Virgin Islands	0.00	1.44	1.42	0.00	0.00	0.00	1.00	1.33	0.12
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Federal tax-free	97.26	98.05	97.74	36.59	28.58	66.92	97.98	96.30	94.45
AMT	7.79	0.00	9.65	53.01	57.96	0.00	6.82	9.40	3.30

TABLE 2: Percentage of income derived from state-specific tax-free funds

Wells Fargo Advantage Fund	In-state tax-free percentage (%)	Other states' percentages (%)	Total (%)	Federal tax-free (%)	AMT (%)
California Limited-Term Tax-Free Fund	99.65	0.35	100.00	100.00	7.90
California Municipal Money Market Fund	100.00	0.00	100.00	76.96	19.71
California Tax-Free Fund	99.83	0.17	100.00	98.03	4.39
Colorado Tax-Free Fund	92.96	7.04	100.00	100.00	4.78
Minnesota Tax-Free Fund	100.00	0.00	100.00	100.00	4.37
North Carolina Tax-Free Fund	96.37	3.63	100.00	98.04	9.01
Pennsylvania Tax-Free Fund	97.80	2.20	100.00	100.00	1.08
Wisconsin Tax-Free Fund	96.11	3.89	100.00	100.00	2.25

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Bond values fluctuate in response to the financial condition of individual issuers, general market and economic conditions, and changes in interest rates. In general, when interest rates rise, bond values fall and investors may lose principal value. Some funds, including nondiversified funds and funds investing in high-yield bonds and/or more volatile segments of the economy, entail additional risk and may not be appropriate for all investors. Consult a fund's prospectus for additional information on these and other risks. A portion of the fund's income may be subject to federal, state, and/or local income taxes or the Alternative Minimum Tax (AMT). Any capital gains distributions may be taxable.

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