



FIRST AMERICAN FUNDS.

# IMPORTANT 2008 TAX INFORMATION

## FOR FIRST AMERICAN FUNDS SHAREHOLDERS

In order to assist you with your 2008 income tax preparation, we have compiled this important tax information pertaining to First American Funds. Please consult your tax advisor and refer to this information when preparing your 2008 tax returns.

**If you require further information, please contact your financial advisor or call First American Investor Services at 800.677.FUND.**

*Investors should carefully consider the fund's investment objectives, risks, charges, and expenses before investing. The prospectus contains this and other information; call 800.677.FUND or visit [firstamericanfunds.com](http://firstamericanfunds.com) for a copy. Please read it carefully before investing.*

**Mutual fund investing involves risk; principal loss is possible.**

This information does not represent tax advice. Please consult your tax advisor to determine how it applies to your financial situation.

NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

**First American Funds** 800 Nicollet Mall, Minneapolis, MN 55402-4302  
Quasar Distributors, LLC, distributor.

1/2009 0397-08 1099-OPEN

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# Important 2008 Tax Information

## Dividends from U.S. Government Obligations

Fund dividends derived from holding certain U.S. government obligations may be exempt from state and local income tax. However, some state and local rules specify income and asset thresholds that must be satisfied in order for such dividends to qualify for this benefit. For example, in New York, Connecticut, and California a tax exemption for U.S. government income earned by a fund is only available to its shareholders if at least 50% of the assets of the fund, at the end of each quarter of the fund's fiscal year, were invested in U.S. government securities that are considered exempt under state law.

Each state and local jurisdiction typically provides instructions on how to calculate and report this income. Since state and local tax laws vary, please consult your tax advisor to determine how this information applies to your financial situation.

Percentage of Ordinary Dividend Income Derived from U.S. Government Obligations		Percentage of Ordinary Dividend Income Derived from U.S. Government Obligations	
Fund Name		Fund Name	
Arizona Tax Free	0.02%	Nebraska Tax Free	0.01%
Balanced	1.72%	Ohio Tax Free	0.01%
Colorado Intermediate Tax Free	0.01%	Oregon Intermediate Tax Free	0.01%
Colorado Tax Free	0.01%	Prime Obligations	3.23%
Core Bond	1.50%	Quantitative Large Cap Core	0.85%
Equity Income	0.04%	Quantitative Large Cap Growth	0.81%
Equity Index	0.26%	Quantitative Large Cap Value	0.69%
Government Obligations	30.42%	Real Estate Securities	0.03%
High Income Bond	0.06%	Short Tax Free	0.07%
Income Builder	0.19%	Short Term Bond	3.27%
Inflation Protected Securities	80.32%	Small Cap Index	0.99%
Intermediate Government Bond	98.57%	Small Cap Value	0.04%
Intermediate Tax Free	0.01%	Small-Mid Cap Core	0.06%
Intermediate Term Bond	1.83%	Strategy Aggressive Growth All.	8.46%
International	0.11%	Strategy Growth Allocation	5.95%
International Select	0.65%	Strategy Balanced Allocation	5.86%
Large Cap Growth Opportunities	0.08%	Strategy Conservative Allocation	6.16%
Large Cap Select	0.04%	Tax Free	0.02%
Large Cap Value	0.05%	Tax Free Obligations	1.26%
Mid Cap Index	0.62%	Total Return Bond	2.23%
Mid Cap Value	0.09%	Treasury Obligations	7.39%
Minnesota Tax Free	0.02%	U.S. Government Mortgage	0.52%
Missouri Tax Free	0.01%	U.S. Treasury Money Market	97.52%

## Alternative Minimum Tax (AMT)

Some taxpayers are subject to the Alternative Minimum Tax (AMT). This tax is applied instead of the regular income tax when a taxpayer has a high enough level of "tax-preference items" or takes certain deductions (which are allowable in determining your regular taxable income). Some of the more common adjustments include: addition of personal exemptions, addition of the standard deduction (if claimed), or addition of certain itemized deductions such as for state and local income and real estate taxes, and the addition of certain interest.

A taxpayer will be subject to the higher of either their regular income tax liability or the AMT. For purposes of computing your AMT, some or all of your tax-exempt dividends may be treated as a tax-preference item. The table below provides percentages of dividends from First American Tax Free funds that are treated as tax-preference items.

Since calculating your overall AMT liability (if any) is a complex process, please consult your tax advisor to determine how this information applies to your financial situation.

Fund Name	AMT	Fund Name	AMT
Arizona Tax Free	2.03%	Minnesota Tax Free	12.67%
California Intermediate Tax Free	1.92%	Missouri Tax Free	6.61%
California Tax Free	5.24%	Nebraska Tax Free	3.55%
Colorado Intermediate Tax Free	3.73%	Ohio Tax Free	2.58%
Colorado Tax Free	2.88%	Oregon Intermediate Tax Free	0.22%
Intermediate Tax Free	2.65%	Short Tax Free	3.63%
Minnesota Intermediate Tax Free	5.41%	Tax Free	13.31%

# Important 2008 Tax Information

## Kansas Intangibles Tax

Kansas has a county-option intangibles tax. This county-specific Kansas intangibles tax is levied on gross earnings received from intangible property. Intangible property includes: savings accounts, stocks, bonds, accounts receivable, and mortgages. Gross earnings from Kansas obligations and U.S. government obligations are exempt from the tax whether these obligations are held directly or indirectly. The table below discloses the percentage of gross earnings of each First American fund derived from Kansas obligations or U.S. government obligations. Please consult your tax advisor or your county office to determine if you are subject to the Kansas intangibles tax.

Percentage Invested in Kansas Obligations or U.S. Government Obligations		Percentage Invested in Kansas Obligations or U.S. Government Obligations	
Fund Name		Fund Name	
Arizona Tax Free	0.02%	Nebraska Tax Free	0.01%
Balanced	1.72%	Ohio Tax Free	0.01%
Colorado Intermediate Tax Free	0.01%	Oregon Intermediate Tax Free	0.01%
Colorado Tax Free	0.01%	Prime Obligations	3.23%
Core Bond	1.50%	Quantitative Large Cap Core	0.85%
Equity Income	0.04%	Quantitative Large Cap Growth	0.81%
Equity Index	0.26%	Quantitative Large Cap Value	0.69%
Government Obligations	30.42%	Real Estate Securities	0.03%
High Income Bond	0.06%	Short Tax Free	1.57%
Income Builder	0.19%	Short Term Bond	3.27%
Inflation Protected Securities	80.32%	Small Cap Index	0.99%
Intermediate Government Bond	98.57%	Small Cap Value	0.04%
Intermediate Tax Free	2.97%	Small-Mid Cap Core	0.06%
Intermediate Term Bond	1.83%	Strategy Aggressive Growth All.	8.46%
International	0.11%	Strategy Growth Allocation	5.95%
International Select	0.65%	Strategy Balanced Allocation	5.86%
Large Cap Growth Opportunities	0.08%	Strategy Conservative Allocation	6.16%
Large Cap Select	0.04%	Tax Free	0.57%
Large Cap Value	0.05%	Tax Free Obligations	1.81%
Mid Cap Index	0.62%	Total Return Bond	2.23%
Mid Cap Value	0.09%	Treasury Obligations	7.39%
Minnesota Tax Free	0.02%	U.S. Government Mortgage	0.52%
Missouri Tax Free	0.01%	U.S. Treasury Money Market	97.52%

## Utah Tax on Tax-Exempt Dividends

Tax-exempt interest dividends paid by a fund to a shareholder who is a Utah taxpayer may be subject to Utah's income tax. Tax-exempt interest dividends are subject to Utah's income tax unless: (1) the fund paying the tax-exempt dividends received tax-exempt interest from Utah obligations; (2) the fund paying the tax-exempt dividends acquired the non-Utah municipal obligation before January 1, 2003; or (3) the non-Utah obligation was issued by a state that does not impose tax on Utah municipal obligations. The table below shows the percentage of your fund's income distributions that should be treated as exempt from Utah's income tax. Please consult your tax advisor to determine whether you are subject to Utah's income tax.

Fund Name	Percentage of Income Distributions Exempt from Utah Income Tax
Arizona Tax Free	39.33%
California Intermediate Tax Free	34.58%
California Tax Free	35.14%
Colorado Intermediate Tax Free	53.24%
Colorado Tax Free	45.55%
Intermediate Tax Free	55.13%
Minnesota Intermediate Tax Free	48.64%
Minnesota Tax Free	35.57%
Missouri Tax Free	37.54%
Nebraska Tax Free	52.25%
Ohio Tax Free	29.64%
Oregon Intermediate Tax Free	49.20%
Short Tax Free	30.87%
Tax Free	47.66%
Tax Free Obligations	29.40%

# Important 2008 Tax Information

## Tax-Free Funds

A fund may pay tax-exempt dividends to its shareholders if it meets certain requirements. Generally, the income dividends paid by all of the First American municipal bond funds are exempt from federal income tax. However, such dividends must still be reported on your income tax return (Form 1040, Line 8b). This is an information-only requirement (unless you're also receiving social security benefits or may be subject to the AMT, as discussed previously). Please note, under certain circumstances taxable ordinary income and capital gains may also be distributed by municipal bond funds and will be reported as such in Box 1a or Box 2a of your Form 1099-DIV.

In general, most states do not impose income tax on interest derived from their own municipal obligations, as well as on certain obligations of U.S. territories

(e.g., Puerto Rico). However, each state has its own rules that must be satisfied in order to obtain this state tax-exempt treatment. For example, in California at least 50% of a mutual fund's assets must consist of obligations, the interest on which is exempt from taxation by California. The table below lists the percentage of tax-exempt dividends that were derived from state and local obligations held by the First American municipal bond funds during 2008, as well as any taxable distributions.

Each state and local jurisdiction typically provides specific instructions on how to calculate and report this income. Since state and local laws vary, please consult your tax advisor to determine how this information applies to your financial situation.

State/ U.S Territory	AZ Tax Free Fund	CA Inter. Tax Free Fund	CA Tax Free Fund	CO Inter. Tax Free Fund	CO Tax Free Fund	Inter. Tax Free Fund	MN Inter. Tax Free Fund	MN Tax Free Fund	MO Tax Free Fund	NE Tax Free Fund	OH Tax Free Fund	OR Inter. Tax Free Fund	Short Tax Free Fund	Tax Free Fund	Tax Free Oblig. Fund
Alabama	-	-	-	-	-	1.54%	-	-	-	0.60%	-	-	-	0.41%	1.35%
Alaska	-	-	-	-	-	0.06%	-	-	-	-	-	-	1.37%	1.05%	-
Arizona	86.63%	-	-	-	-	3.16%	-	-	-	-	1.58%	-	3.57%	6.25%	1.42%
Arkansas	-	-	-	-	-	0.71%	-	-	-	-	-	-	-	0.20%	0.28%
California	0.11%	95.77%	97.45%	-	-	5.82%	-	-	-	-	-	-	8.84%	5.81%	0.89%
Colorado	-	-	-	97.14%	88.73%	9.43%	-	-	-	1.41%	-	-	3.58%	4.14%	3.28%
Connecticut	-	-	-	-	-	0.16%	-	-	-	-	-	-	-	-	0.36%
Delaware	-	-	-	-	-	-	-	-	-	-	-	-	-	0.07%	0.13%
District of Columbia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.46%
Florida	1.37%	-	-	-	1.33%	0.97%	-	-	-	1.63%	-	-	17.37%	3.85%	5.62%
Georgia	-	-	-	-	-	1.08%	-	-	-	-	-	-	4.82%	2.02%	3.03%
Hawaii	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Idaho	-	-	-	-	-	0.33%	-	-	-	-	-	-	-	0.40%	0.13%
Illinois	2.00%	-	0.73%	-	2.27%	17.10%	-	0.85%	0.35%	1.42%	0.54%	1.05%	2.03%	8.08%	10.64%
Indiana	3.33%	-	-	-	1.69%	1.55%	-	-	0.20%	3.60%	-	-	1.50%	2.41%	5.63%
Iowa	0.42%	0.10%	-	-	0.30%	1.88%	-	-	-	0.60%	-	-	1.30%	0.79%	1.56%
Kansas	-	-	-	-	-	2.96%	-	-	-	-	-	-	1.50%	0.55%	0.55%
Kentucky	-	-	-	-	-	0.38%	-	-	-	-	-	-	-	-	0.08%
Louisiana	-	-	-	-	-	0.85%	-	-	-	-	-	-	1.48%	0.97%	2.87%
Maine	-	-	-	-	-	0.44%	-	-	-	-	-	-	-	-	-
Maryland	-	-	-	-	-	0.17%	-	-	-	-	-	-	1.29%	1.69%	1.33%
Massachusetts	-	-	-	-	-	3.82%	-	-	-	-	-	-	-	1.19%	4.14%
Michigan	-	-	-	-	-	3.34%	-	-	-	-	-	-	0.15%	1.22%	2.21%
Minnesota	-	-	-	-	0.21%	2.78%	96.31%	96.54%	-	1.05%	-	-	4.65%	8.74%	2.56%
Mississippi	-	-	-	-	-	0.20%	-	-	-	-	-	-	0.18%	0.51%	0.18%
Missouri	-	-	-	-	-	1.90%	-	-	94.94%	0.27%	-	-	4.04%	3.15%	0.99%
Montana	-	-	-	-	-	0.99%	-	-	-	-	-	-	-	1.10%	0.46%
Nebraska	-	-	-	-	-	1.41%	-	-	-	82.91%	-	-	3.34%	4.63%	-
Nevada	-	-	-	-	-	0.88%	-	-	-	-	-	-	0.75%	2.92%	0.26%
New Hampshire	-	-	-	-	0.40%	0.56%	-	-	-	0.40%	-	-	2.20%	0.45%	0.17%
New Jersey	-	-	-	-	-	0.37%	-	-	-	-	-	-	1.46%	0.15%	2.29%
New Mexico	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.19%
New York	-	-	-	-	-	2.26%	-	-	-	-	-	-	2.47%	0.13%	2.74%
North Carolina	-	-	-	-	-	1.78%	-	-	-	-	-	-	4.56%	2.59%	1.93%
North Dakota	-	-	-	-	-	0.22%	-	-	-	-	-	-	-	0.67%	0.16%
Ohio	-	-	-	-	-	1.42%	-	-	-	-	92.29%	-	1.46%	2.41%	3.41%
Oklahoma	-	-	-	-	-	1.95%	-	-	-	-	-	-	0.61%	0.71%	0.14%
Oregon	-	0.28%	0.24%	-	0.27%	1.09%	-	-	0.16%	-	0.26%	93.17%	3.41%	1.58%	3.27%
Pennsylvania	-	-	-	-	-	1.47%	-	-	-	-	-	-	0.03%	1.26%	5.72%
Rhode Island	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.55%
South Carolina	-	-	-	-	-	1.41%	-	-	-	-	-	-	2.69%	1.43%	0.92%
South Dakota	0.43%	-	-	-	0.39%	1.14%	-	-	-	1.63%	-	-	-	2.64%	-
Tennessee	0.56%	-	-	-	-	3.22%	-	-	-	-	-	-	0.81%	2.73%	1.36%
Texas	-	-	0.18%	-	-	10.75%	-	-	-	-	-	-	7.28%	9.55%	12.27%
Utah	-	-	-	-	-	0.75%	-	-	-	-	-	-	0.07%	0.61%	0.03%
Vermont	-	-	-	-	-	0.02%	-	-	-	-	-	-	-	0.21%	-
Virginia	-	-	-	-	-	0.08%	-	-	-	-	-	-	2.88%	0.23%	3.68%
Washington	-	-	-	-	-	3.57%	-	-	-	-	-	-	-	0.51%	2.92%
West Virginia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.32%
Wisconsin	-	-	-	-	-	2.33%	-	-	-	-	-	-	2.86%	2.80%	2.71%
Wyoming	-	-	-	-	-	0.29%	-	-	-	-	-	-	-	0.96%	0.02%
Puerto Rico	5.13%	3.85%	1.38%	2.26%	3.01%	0.56%	3.55%	2.57%	3.92%	3.84%	4.48%	5.17%	3.19%	5.15%	-
Virgin Islands	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Tax-Exempt	-	-	-	0.50%	1.11%	0.83%	-	-	0.42%	0.63%	0.83%	0.53%	2.19%	0.96%	3.53%
Taxable	0.02%	-	0.02%	0.10%	0.29%	0.02%	0.14%	0.04%	0.01%	0.01%	0.02%	0.08%	0.07%	0.12%	1.26%