

**TRIBUTARY FUNDS
TAX INFORMATION LETTER
CALENDAR YEAR 2011**

The information below should not be considered a substitute for legal or tax advice. This information cannot be used for the purpose of avoiding penalties that may be imposed on a taxpayer. The rules governing the taxation of mutual fund distributions can be complex. Please consult your tax adviser regarding the proper tax characterization and reporting of the Fund's distributions.

State Tax Information

During the calendar year, certain funds invested in securities issued by the United States government or other federal agencies (collectively, "U.S. Government Securities"). Under federal law, the interest on these securities is exempt from state taxation. Certain states also exempt from state income tax the dividend income a mutual fund shareholder receives that is derived from the fund's investment in these U.S. Government Securities.

The table below provides the percentages of calendar year 2011 ordinary income dividends derived from investments in U.S. Government Securities. To determine the amount which may be exempt from state income tax, multiply the amount reported in box 1a of Form 1099-DIV by the percentage below.

California, Connecticut, and New York require that a mutual fund maintain certain minimum investments in U.S. Government Securities in order for the dividend income derived from these obligations to be exempt from state income tax. None of the funds listed below met these requirements 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 1-800-662-4203.

Fund	PERCENTAGE OF INCOME DERIVED FROM U.S. GOVERNMENT SECURITIES DURING 2011
Tributary Short-Intermediate Bond Fund	9.22%
Tributary Income Fund	8.68%
Tributary Balanced Fund	2.17%
Tributary Core Equity Fund	0.00%
Tributary Growth Opportunities Fund	0.00%
Tributary Small Company Fund	0.00%
Tributary International Equity Fund	0.00%
Tributary Large Cap Growth Fund	0.00%

Corporations

Percentage of income distributions paid during the calendar year 2011 that qualify for the corporate Dividends Received Deduction (DRD):

FUND	DRD
Tributary Short-Intermediate Bond Fund	1.60%
Tributary Income Fund	1.68%
Tributary Balanced Fund	70.69%
Tributary Core Equity Fund	100.00%
Tributary Growth Opportunities Fund	0.00%
Tributary Small Company Fund	99.77%
Tributary International Equity Fund	0.01%
Tributary Large Cap Growth Fund	100.00%