

BB&T FUNDS
INCOME FROM U.S. GOVERNMENT SECURITIES
CALENDAR YEAR 2009

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 2009 ordinary income dividends derived from investments in U.S. Government Securities. To determine the amount which may be exempt from state income tax, (1) subtract the total amount of short-term capital gain distributions you received during calendar year 2009 (as reported on your account statements) from the amount reported in box 1a of Form 1099-DIV, and (2) multiply the result by the percentage shown in the table 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.

FUND	PERCENTAGE OF INCOME DERIVED FROM U.S. GOVERNMENT OBLIGATIONS SECURITIES DURING 2009
Large Cap Fund	0.00%
Mid Cap Value Fund	0.00%
Mid Cap Growth Fund	0.00%
Small Cap Fund	0.00%
International Equity Fund	0.00%
Small Opportunities Equity Fund	0.00%
Equity Income Fund	0.00%
Short U.S. Government Fund	24.75%
Intermediate U.S. Government Fund	13.47%
Total Return Bond Fund	0.30%
Kentucky Intermediate Tax-Free Fund	0.00%
Maryland Intermediate Tax-Free Fund	0.00%
North Carolina Intermediate Tax-Free Fund	0.00%
South Carolina Intermediate Tax-Free Fund	0.00%
Virginia Intermediate Tax-Free Fund	0.00%
West Virginia Intermediate Tax-Free Fund	0.00%
Prime Money Market Fund	4.28%
U.S. Treasury Money Market Fund	73.23%
National Tax-Free Money Market Fund	0.00%
Capital Manager Conservative Growth Fund	0.36%
Capital Manager Moderate Growth Fund	0.29%
Capital Manager Growth Fund	0.19%
Capital Manager Equity Fund	0.00%

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.