

2011 Tax-Exempt Dividends by State - Virtus Intermediate Tax-Exempt Bond Fund

Most states do not tax the dividends earned on their own bonds or tax dividends from interest on obligations of U.S. territories, such as Puerto Rico, but do tax the portion derived from issues of other states. States noted with a (1) only exempt a select group of bonds; we have not evaluated these states. California only allows exemption if a fund had at least 50% of its assets in exempt securities. The table below lists the percentage of tax-exempt dividends earned by the Virtus Intermediate Tax-Exempt Bond Fund from each state. State tax laws vary, so we encourage you to consult your tax professional.

State/U.S. Territory	Tax-Exempt Dividends	State/U.S. Territory	Tax-Exempt Dividends
Alabama	16.6%	Nebraska	1.4%
Alaska	—	Nevada	—
Arizona	6.4	New Hampshire	—
Arkansas	0.5	New Jersey	2.8
California	8.9	New Mexico	—
Colorado	8.1	New York	7.6
Connecticut (1)	—	North Carolina	—
Delaware	—	North Dakota	—
District of Columbia	—	Ohio	0.2
Florida	1.4	Oklahoma (1)	—
Georgia	0.2	Oregon	—
Guam	—	Pennsylvania	5.2
Hawaii	—	Puerto Rico	9.0
Idaho	—	Rhode Island	—
Illinois - state taxable (1)	12.7	South Carolina	—
Indiana	3.2	South Dakota	—
Iowa (1)	0.2	Tennessee	0.2
Kansas (1)	—	Texas	4.0
Kentucky	—	Utah	—
Louisiana	—	Vermont	—
Maine	—	Virginia	—
Maryland	4.3	Virgin Islands	—
Massachusetts	2.0	Washington	—
Michigan	4.7	West Virginia	—
Minnesota - state taxable (1)	0.1	Wisconsin (1)	0.3
Mississippi	—	Wyoming	—
Missouri	—		100.0%
Montana	—		

The percentage of tax-exempt interest income subject to the federal alternative minimum tax is 0%.

IMPORTANT NOTICE CONCERNING FORM 1099-INT: Pursuant to instructions provided to us by the IRS we are required to provide you with a Form 1099-INT for tax year 2011, along with Form 1099-DIV. This is now required since there were exempt-interest dividends paid on the tax-exempt fund that you had an investment in during the 2011 tax year. For more complete information, please refer to the Instructions for Recipient for Box 4; Box 8; & Box 9 on the back of Form 1099-INT. If after reviewing that information you have any questions we encourage you to consult your tax professional.

IRS Circular 230 Disclosure: Any information contained in this communication (including any attachments) is not intended to be used, and cannot be used, to avoid penalties imposed under the U.S. Internal Revenue Code. Individuals should seek independent tax advice based on their own circumstances.

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