

This document supplements Baird's Guide to Services and Compensation (the "Guide") that you received and provides additional information about third party managers that Baird has engaged as sub-advisors to manage retirement plan accounts under Baird's advisory programs. If your retirement plan (the "Plan") is participating in such an advisory program offered by Baird, you should review this document because it contains important information about the services that a third party manager will provide, and the compensation that the third party manager will receive, that you should consider.

You should note that this document only provides information about third party managers that Baird has engaged as sub-advisor to manage retirement plan accounts. It does not contain information about third party managers that have been engaged directly by you or the Plan, such as a "dual contract" arrangement. If you or the Plan have engaged a third party manager directly, you should contact that third party manager for information about the services it provides and the compensation it receives.

This document does not contain a comprehensive list or discussion of the services that a third party manager provides or the compensation that a third party manager receives. This document references other documents where you may find more specific information. The other documents that apply vary depending upon the type of relationship your Plan has with Baird and the investments made available under the Plan. You are, therefore, urged to review this document and all of the documents referenced herein carefully and in their entirety.

Services

A third party manager and its representatives will provide you or the Plan with the services (the "Services") that are described in the specific advisory agreement (the "Agreement"), governing the Plan's relationship with Baird and the third party manager. Additional information about the services that Baird and a third party manager provide to clients generally is contained in Baird's Form ADV Part 2A Brochure and the third party manager's Form ADV Part 2A Brochure (collectively, the "Brochures"), respectively. You should have already received copies of those documents. Tax-deferred growth (in addition to IRS-imposed limits for tax-advantaged retirement plans)

Status

When providing advisory Services under the Agreement, a third party manager is acting as an investment adviser registered under the Investment Advisers Act of 1940, as amended, or under applicable state law, as the case may be. When providing non-advisory Services under the Agreement, a third party manager is not acting as an investment adviser under the Investment Advisers Act of 1940, as amended, or under any state law. When providing advisory Services under the Agreement, a third party manager is acting as a "fiduciary" of the Plan as that term is defined by ERISA.

Compensation

Direct Compensation

A third party manager receives certain compensation directly from the Plan ("direct compensation") for providing the Services. A third party manager typically receives an ongoing advisory fee based upon the value of a retirement plan's assets, although you or the Plan may have requested an alternative fee arrangement, such as a fixed fee. The Plan's advisory Agreement and Baird's Form ADV Part 2A Brochure describe the actual advisory fee that a third party manager will receive and how the amount of the fee will be determined.

If the Plan has a wrap fee arrangement with Baird, Baird pays a portion of the wrap fee it receives to the third party manager. More specific information about Baird's payment of wrap fees to third party managers is contained in Baird's Form ADV Part 2A Brochure and may be contained in the Agreement, depending upon the wrap fee option selected by the Plan. If the Plan does not have a wrap fee arrangement with Baird, the fee paid to the third party manager is described in the Agreement.

Indirect Compensation

To the extent permitted by ERISA, a third party manager may receive certain indirect compensation from persons or entities other than the Plan or Plan sponsor in connection with the Services provided or the Plan's investments. More specific information about the indirect compensation that a third party manager may reasonably expect to receive in connection with the Services should be contained in the third party manager's Form ADV Part 2A Brochure or other supplemental disclosure document delivered to you with the third party



Important Information about Third Party Managers

(Continued)

manager's Form ADV Part 2A Brochure. If investment product options have been proposed for the Plan, additional information about indirect compensation is contained in the prospectus or other disclosure materials for the investment product. You should have already received copies of those documents.

Compensation Paid Among Related Parties

A third party manager may direct broker-dealers to execute transactions for Plan-related accounts. The broker-dealers may receive a commission, markup, markdown, or other fees as compensation for their services.

Certain other compensation described in the Guide and the documents referenced herein and therein may be paid among Baird, its affiliates and/or subcontractors. More specific information about the compensation that may be paid among them in connection with the Services, if any, is contained in the Brochures and other disclosure documents provided to you when the Plan established its relationship with Baird.