

2008 U.S. Government Income Information

This information is being provided to assist in your 2008 tax preparations. Applicable information is also printed on the back of the tax forms mailed to Columbia Management noncorporate shareholders. Corporate shareholders may be subject to different state income tax requirements and should consult their tax advisor regarding these requirements.

Many states do not tax the portion of your fund's ordinary distributions that comes from U.S. Treasury securities and obligations issued by many agencies of the U.S. government. The accompanying table lists the percentage of fund ordinary distributions that were derived from these U.S. government obligations.

California, Connecticut and New York exempt dividend income only when a mutual fund meets certain quarterly minimum investment thresholds in certain government securities. If a fund listed in the accompanying table did not meet these minimum requirements for these states, it is marked with an asterisk (*). Since there could be additional states with exemption requirements, and because state laws vary, be sure to consult your state tax authority or tax advisor before excluding any of your distributions from state or local tax returns.

If your fund did not pay an ordinary income distribution in 2008, this exclusion is not applicable. Please note that our service representatives cannot provide tax advice.

How to Calculate Your State Tax Benefit

Step 1: For each fund you owned during 2008, multiply the amount in Box 1a, "Total ordinary dividends," on your Form 1099-DIV by the percentage in the accompanying table in order to calculate the amount of U.S. government income that is exempt from your state and local taxes.

Please note that the accompanying table may include tax-exempt funds. If a tax-exempt fund that you owned during 2008 is listed, the percentage in the table should be applied **only** to your tax-exempt fund's ordinary distributions as described above and **not** to your fund's tax-exempt distributions included in Box 8 of Form 1099-INT.

Step 2: To determine how much of your distribution is taxable, simply subtract your exempt income (calculated in Step 1 above) from the total amount shown in Box 1a of your Form 1099-DIV.

NOT FDIC INSURED	May Lose Value
NOT BANK ISSUED	No Bank Guarantee

Percent of Ordinary Income from U.S. Government Obligations

Fund Name	U.S. Government Obligations
Columbia Asset Allocation Fund*	3.92%
Columbia Asset Allocation Fund II*	3.84%
Columbia Balanced Fund*	5.33%
Columbia Bond Fund* (formerly Excelsior Core Bond Fund)	5.71%
Columbia California Tax Exempt Reserves*	89.00%
Columbia Cash Reserves*	0.33%
Columbia Connecticut Municipal Reserves*	60.00%
Columbia Core Bond Fund*	6.48%
Columbia Daily Cash Reserves* (formerly Excelsior Money Fund)	4.09%
Columbia Federal Securities Fund*	32.28%
Columbia Government Plus Reserves*	52.02%
Columbia Government Reserves	98.94%
Columbia Income Fund*	3.30%
Columbia Intermediate Bond Fund*	5.84%
Columbia International Bond Fund*	2.30%
Columbia Liberty Fund*	5.15%
Columbia LifeGoal® Balanced Growth Portfolio*	1.55%
Columbia LifeGoal® Income & Growth Portfolio*	2.14%
Columbia LifeGoal® Income Portfolio*	2.01%
Columbia Marsico Focused Equities Fund*	0.09%
Columbia Massachusetts Municipal Reserves*	58.78%
Columbia Masters Heritage Portfolio®*	15.02%
Columbia Mid Cap Index Fund*	0.15%
Columbia Money Market Reserves*	0.47%
Columbia Municipal Reserves*	44.06%
Columbia New York Tax-Exempt Reserves*	35.26%
Columbia Short-Intermediate Bond Fund* (formerly Excelsior Intermediate-Term Bond Fund)	10.92%
Columbia Short Term Bond Fund*	3.84%
Columbia Small Cap Index Fund*	0.07%
Columbia Strategic Income Fund*	16.68%
Columbia Tax-Exempt Reserves*	64.29%
Columbia Thermostat Fund*	13.70%
Columbia Total Return Bond Fund*	2.75%
Columbia Treasury Reserves*	1.29%
Columbia U.S. Treasury Index Fund	92.50%
Funds That Merged During 2008	
Excelsior Government Money Fund (merged 3/31/08)	57.71%
Excelsior Short-Term Government Securities Fund* (merged 3/31/08)	33.64%
Excelsior Treasury Money Fund (merged 3/24/08)	98.99%

* This fund did not meet the minimum investment in certain government securities required to exempt the distribution from tax in California, Connecticut and New York.