

MONTGOMERY STREET INCOME SECURITIES, INC.
(“Fund”)

AUDIT COMMITTEE CHARTER

This document constitutes the Charter of the Audit Committee (“Committee”) of the Board of Directors of the Fund. The Committee was established by the Board of Directors of the Fund to provide oversight with respect to the accounting and financial reporting policies and practices of the Fund.

1. Organization. The Committee shall be composed of three or more members of the Fund’s Board of Directors who are not “interested persons” (as defined in the Investment Company Act of 1940, as amended) of the Fund, who do not accept directly or indirectly any consulting, advisory or other compensatory fees from the Fund or from the Fund’s investment adviser or its affiliates (except fees for services as a Director), and who satisfy any requirements with respect to independence, expertise and/or availability established by the exchange on which the Fund’s shares are traded.
2. Meetings. The Committee shall meet on a regular basis as necessary or appropriate and is empowered to hold special meetings as circumstances require.
3. Committee Purposes. The purposes of the Committee are as follows:
 - (a) To review the Fund’s accounting and financial reporting policies and practices, the Fund’s internal controls over financial reporting (including disclosure controls and procedures) and, as the Committee deems appropriate, the internal controls over financial reporting of certain Fund service providers;
 - (b) To review the quality, objectivity and integrity of the Fund’s financial statements and the independent audit thereof;
 - (c) To review the Fund’s compliance with legal and regulatory requirements that relate to the Fund’s accounting and financial reporting, internal controls over financial reporting, and independent audits;
 - (d) To exercise direct responsibility for the appointment, compensation, retention and oversight of the work performed by the Fund’s independent auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Fund, and, in connection therewith, to review the independent auditors’ qualifications and independence; and
 - (e) To act as a liaison between the independent auditors and the full Board of Directors; and
 - (f) To prepare an audit committee report to be included in the Fund’s annual proxy statement.

The function of the Audit Committee is oversight; it is management's responsibility to maintain or arrange for the maintenance of appropriate systems for accounting and internal controls (including disclosure controls and procedures), and the auditor's responsibility to plan and carry out a proper audit.

4. Duties and Powers. To carry out the purposes specified in Paragraph 3 above, the Committee shall have the following duties and powers:
- (a) To approve the selection, retention or termination of the independent auditors, to review and approve the terms and scope of the annual audit of the Fund and any special audits, and to approve the fees and other compensation to be paid to the independent auditors by or on behalf of the Fund;
 - (b) To request and evaluate on an annual basis a formal written statement from the independent auditors delineating all significant relationships that the independent auditors have with the Fund and the investment adviser and its affiliates, and to consider whether the provision of non-audit services rendered by the independent auditors to the Fund and the Fund's investment adviser and its affiliates is compatible with the independent auditors' independence;
 - (c) To obtain and review, at least annually, a report by the independent auditors describing: the audit firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the audit firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Fund;
 - (d) (i) To review and discuss with management and the independent auditors the Fund's annual audited financial statements, including management's discussion of the Fund's performance, and discuss any matters of concern relating thereto, including any adjustments to such statements recommended by the auditors, regulatory and tax compliance matters considered in the preparation of the financial statements, or other results of said audit(s); (ii) to review and discuss with management the Fund's semi-annual financial statements, including any management's discussion of the Fund's performance; (iii) to review with the independent auditor any audit problems or difficulties and management's response; (iv) to consider the auditors' comments with respect to the Fund's financial policies and procedures, internal accounting controls and disclosure controls and procedures, and management's responses thereto; (v) to review the form of the opinion the auditors propose to render to the Board of Directors and the shareholders of the Fund; (vi) to review any other reports, representations or communications from the independent auditors regarding matters within the scope of the Committee's responsibilities under this Charter; and (vii) to consider, at the Committee's discretion, such other information that the Committee believes may be relevant to the audit and the Fund's financial policies and procedures, internal accounting controls and disclosure controls and procedures;

- (e) To determine whether to recommend to the Board of Directors that the Fund's audited financial statements be included in the Annual Report and to perform such additional functions as may be required under rules and regulations promulgated by the Securities and Exchange Commission and the New York Stock Exchange;
 - (f) To meet separately, periodically, with management and with the independent auditors to discuss any matters that the Committee or such parties believe necessary or appropriate to raise, and to review and consider any reports or communications from any such parties relating to the operations of the Fund;
 - (g) To establish procedures for the approval, in advance, of the engagement of the independent auditors to provide (i) audit or permissible non-audit services to the Fund, and (ii) non-audit services to the Fund's investment adviser (and any affiliate that provides services to the Fund) that relate directly to the Fund's operations and financial reporting;
 - (h) To review, annually, with Fund management and the independent auditors, the Fund's disclosure controls and procedures, a report by Fund management covering any Form N-CSR filed, and any required certification of such filing, along with the results of Fund management's most recent evaluation of the Fund's disclosure controls and procedures;
 - (i) To establish procedures for the receipt, retention and treatment of complaints received by the Fund regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by officers of the Fund or employees of the investment adviser, administrator, principal underwriter, or any other provider of accounting related services to the Fund of concerns regarding suspected fraud of any type related to the Fund, including without limitation questionable accounting or auditing matters; and
 - (j) To report its activities to the full Board of Directors on a regular basis and to make such recommendations with respect to the above and other matters as the Committee may deem necessary or appropriate.
5. Other Responsibilities. The Committee shall (i) discuss generally the Fund's policies with respect to risk assessment and risk management; (ii) set clear hiring policies for the Fund and the investment adviser with respect to employees or former employees of the independent auditors; (iii) discuss generally the Fund's earnings press releases, as well as any financial information and earnings guidance provided to analysts and rating agencies; and (iv) review, annually, the performance of the Committee. Inasmuch as the Board reviews all earnings press releases and all Audit Committee members are also Board members, the Audit Committee shall not be required to review earnings press releases separately.
6. Role of Independent Auditors. The Fund's independent auditors are ultimately accountable to the Committee and must report directly to the Committee.

7. Resources and Authority. The Committee shall have the resources and authority appropriate for purposes of discharging its responsibilities under this Charter, including the authority to engage independent counsel and/or to retain, at the Fund's expense, such experts or consultants as the Committee deems necessary or appropriate to fulfill such responsibilities.
8. Periodic Review of Charter. The Committee shall review this Charter at least annually and recommend any changes to the full Board of Directors.

Effective: June 9, 2006

Revised: February 15, 2007

Revised: February 9, 2010