

# Press Release

**FOR IMMEDIATE RELEASE**

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## **MONTGOMERY STREET INCOME SECURITIES, INC. ANNOUNCES DISTRIBUTION AND ELECTION OF NEW DIRECTOR**

**SAN FRANCISCO – (October 15, 2010)** – Montgomery Street Income Securities, Inc. (NYSE: MTS) (the “Fund”) declared a dividend of \$0.17 per share. The dividend is payable on October 29, 2010 to stockholders of record at the close of business on October 25, 2010.

The decrease in the dividend from the previous quarter is primarily attributable to the decision of the Fund’s Board of Directors to elect, for tax purposes, that the Fund amortize any premiums it pays to purchase the bonds in its portfolio. The effect of the election is to reduce the Fund’s distributable income. The election more closely aligns the distributable income of the Fund with the economics of the portfolio investments.

It is anticipated that substantially all of the distributions paid to date in 2010 will be distributions from ordinary income for tax purposes. The actual sources of distributions will be reported to stockholders in January 2011 on Form 1099-DIV.

Additionally, effective October 15, 2010, the Board of Directors elected Nancy E. Wallace as a Director of the Fund. Ms. Wallace is a Professor and Chair of the Real Estate Group at the Haas School of Business of the University of California at Berkeley and brings to the Board her knowledge of mortgages and mortgage-related securities, among other attributes.

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The Fund is a closed-end diversified management investment company whose primary investment objective is to seek as high a level of current income as is consistent with prudent investment risks, from a diversified portfolio primarily of debt securities. The Fund’s shares are traded on the New York Stock Exchange under the symbol MTS.

Closed-end funds, unlike open-end funds, are not continuously offered. There is generally a one-time public offering and, once issued, shares of closed-end funds are sold in the open market through a stock exchange. The price of the Fund's shares is determined by a number of factors, several of which are beyond the control of the Fund. Therefore, the Fund cannot predict whether its shares will trade at, below or above net asset value. Shares of closed-end funds frequently trade at a discount to net asset value.

Investments in funds involve risk. Yields and market values will fluctuate. Investing in foreign markets presents certain unique risks not associated with domestic investments, such as currency fluctuations, political and economic changes and market risks. Additionally, the Fund may invest in lower-quality and non-rated securities, which present greater risks of loss of principal and interest than higher-quality securities. Further, the Fund may use derivatives, which involve risks that can differ from or exceed those of the underlying instruments, including correlation risk, liquidity risk, valuation risk, the risk of unlimited losses, counterparty risk and operational risk. All of these factors may result in greater share price volatility.

This announcement is not an offer to purchase or the solicitation of an offer to sell shares of the Fund, a prospectus, a circular or representation intended for use in the purchase or sale of Fund shares, or a proxy solicitation.

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NOT A DEPOSIT NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY**