



2011 TAX INFORMATION

Montgomery Street Income Securities, Inc. (“Fund”)

The information below should not be considered a substitute for legal or tax advice. This information cannot be used for the purpose of avoiding penalties that may be imposed on a taxpayer. The rules governing the taxation of mutual fund distributions can be complex. Please consult your tax adviser regarding the proper tax characterization and reporting of the Fund’s distributions.

Specific information regarding reportable taxable distributions is provided on the enclosed Internal Revenue Service (“IRS”) Form 1099-DIV. Such distributions are subject to federal taxation and generally are subject to state and local taxes.

State Tax Information

The amount shown in Box 1a of IRS Form 1099-DIV may include income derived from U.S. government obligations. Such income may be exempt from your state income tax. To determine the portion of dividends that may be exempt from your state income tax, multiply the amount of “ordinary dividends” reported in Box 1a of Form 1099-DIV by the percentage listed below. Consult your tax adviser to determine whether such income is exempt from your state and/or local taxes.

Percentage of income from U.S. government obligations which may be exempt from state income tax: **2.64%**

Corporations

Percentage of income distributions that qualify for the corporate Dividends Received Deduction (DRD): **0.00%**