

# Portfolio Holdings and Characteristics

Account No. 1420

December 31, 2010

P I M C O

## State of Montana Public Employee Deferred Comp Plan

The information contained within this report is for informational purposes only and is intended to provide an overview of portfolio risk characteristics and an accounting-based view of portfolio holdings. This report is not intended for use in calculation of exposures for compliance purposes. Individual positions contained in this report reflect single sector exposures only, whereas such positions may impact multiple exposure calculations within compliance tests. The differences in calculating risk characteristics and accounting exposures versus compliance requirements are not captured or reflected within this standardized report.

# Pacific Investment Management Company

## State of Montana Public Employee Deferred Comp Plan

Account No: 1420

Flash Report  
as of December 31, 2010

Summary Information	
<b>Net Market Value</b>	<b>224,345,957.35 USD</b>
Estimated Income	6,362,835.64 USD
Effective Duration	3.86 yrs
Duration Variance to Index	-0.05 yrs
Current Yield	2.84 %
Estimated Yield To Maturity	2.59 %
Effective Maturity <sup>2</sup>	4.52 yrs
Average Coupon	2.87 %
Average Quality <sup>2</sup>	AA+

	Portfolio Before Fees	Portfolio After Fees	Benchmark <sup>1</sup>
YTD	6.76%	6.47%	5.89%
1 Month	-1.37	-1.37	-1.25
3 Months	-1.49	-1.56	-1.44
6 Months	1.46	1.32	1.27
9 Months	4.82	4.61	4.28
12 Months	6.76	6.47	5.89
2 Years*	10.33	10.03	5.57
3 Years*	5.63	5.34	5.40
5 Years*	6.25	5.96	5.53
10 Years*	N/A	N/A	N/A
Since Inception Dec 31, 2001*	5.62%	5.33%	5.14%
Tracking Error (3 Years)	4.76		
Information Ratio (3 Years)	0.08		

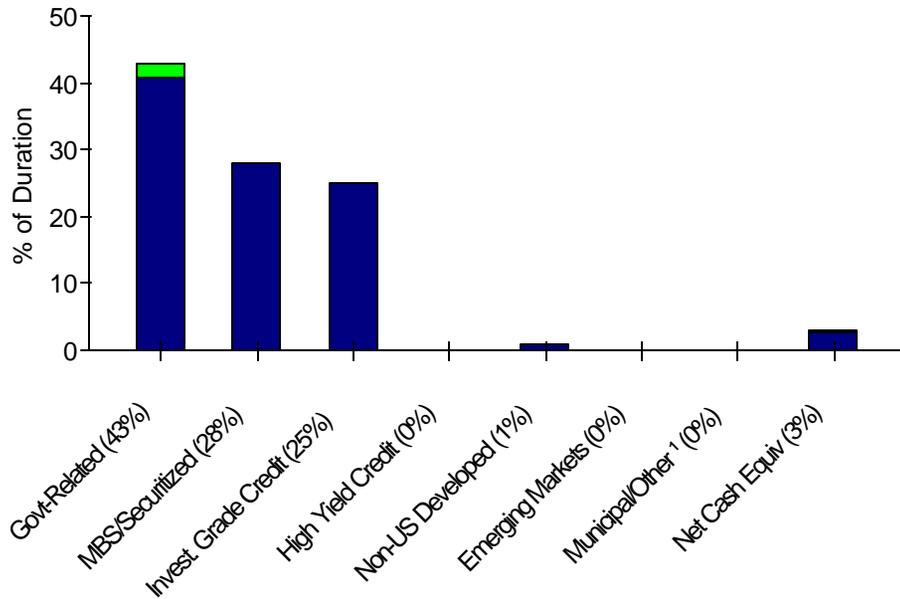
\* For periods of 12 months or more, the return is annualized

PIMCO generated performance as of 01/09/2011

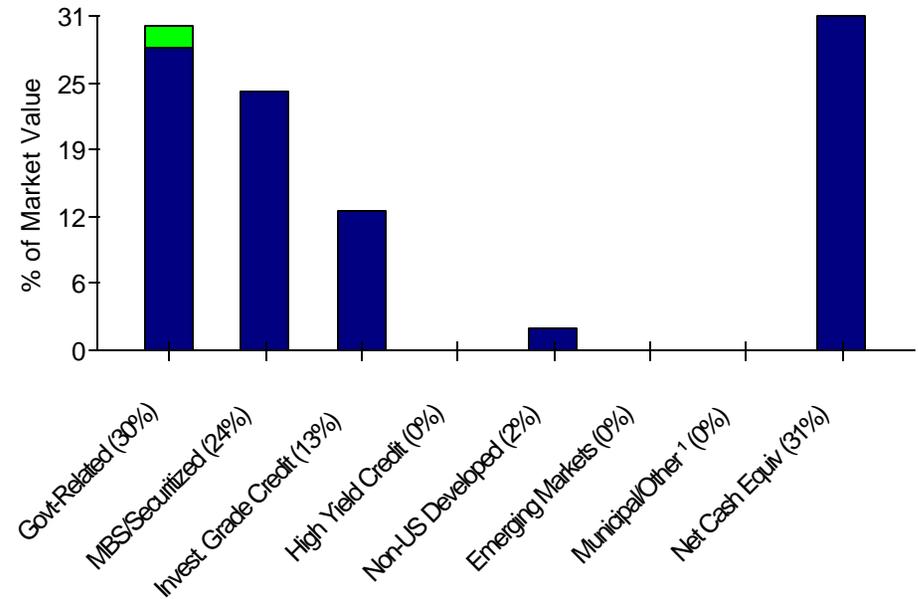
<sup>1</sup> Barclays Capital Intermediate Government/Credit Index

<sup>2</sup> Portfolio characteristics are calculated using the weighted average characteristics of each individual position. Derivative exposures are integrated into these characteristics at "bond equivalent value", which approximates the delta-adjusted notional exposure. Amortizing assets and those with embedded options (such as mortgage-backed securities and callable bonds) are included in maturity statistics based on the expected life of these instruments. Varying mathematical protocols may be applied across characteristics as needed to best capture the risk profile of each type of exposure. For example, sector allocations will include all positions at bond-equivalent value, whether settled or unsettled, while quality tiers will include only settled positions aggregated at market value. Average quality indicates the portfolio's expected sensitivity to changes in credit spreads; consequently, bond futures and interest rate swaps are included in this calculation at bond equivalent value, rather than market value, to best reflect this sensitivity.

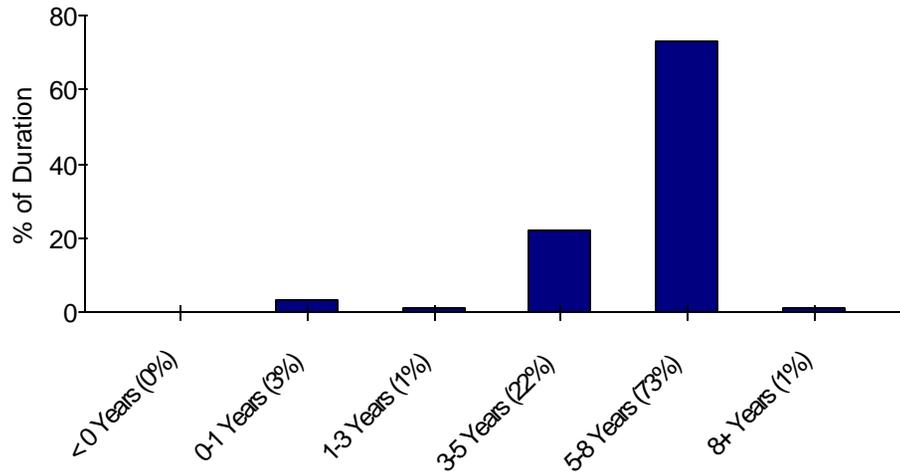
Sector - Duration Weighted



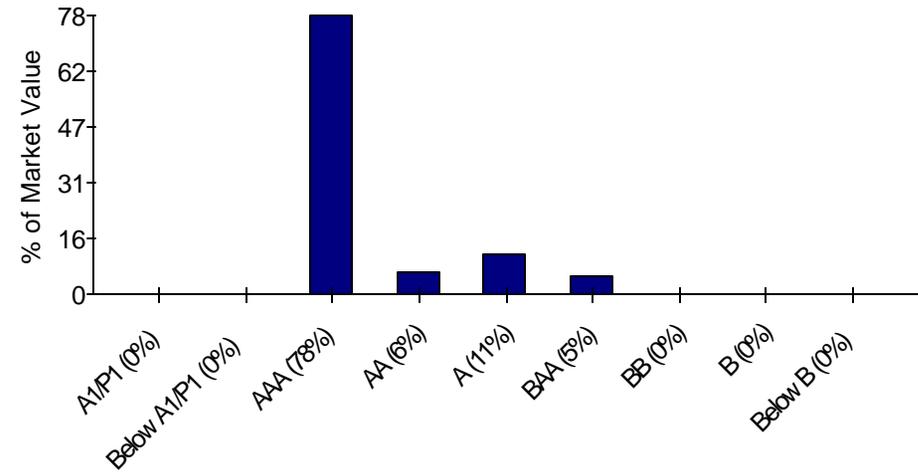
Sector - Market Value Weighted



Maturity - Duration Weighted



Quality<sup>2</sup> - Market Value Weighted



\* Derivatives included at bond-equivalent exposure where appropriate

<sup>1</sup>Includes municipals, private placements, preferred stocks, and convertibles

<sup>2</sup>Credit quality detail statistics are designed to reflect a portfolio's exposure to default risk. Consequently, this calculation includes only settled or funded positions, and incorporates interest rate swaps at market value rather than bond equivalent value.

■ Inflation Protected Securities  
■ Money Market Futures

	<b>% of Duration</b>	<b>% of Mkt Value</b>	<b>Total Mkt Value <sup>1</sup></b>
<b>Government Related</b>	<b>43.3 %</b>	<b>29.8 %</b>	<b>66,963,388.68</b>
<b>Treasury</b>	<b>41.1</b>	<b>27.9</b>	<b>62,644,887.20</b>
<b>Inflation Protected Bonds</b>	<b>2.2</b>	<b>1.9</b>	<b>4,318,501.48</b>
Inflation Protected Securities	2.2	1.9	4,318,501
<b>MBS/Securitized</b>	<b>28.4 %</b>	<b>24.1 %</b>	<b>54,115,010.44</b>
<b>FNMA</b>	<b>28.4</b>	<b>24.1</b>	<b>54,077,873.62</b>
<b>GNMA</b>	<b>0.0</b>	<b>0.0</b>	<b>37,136.82</b>
<b>Invest. Grade Credit</b>	<b>24.8 %</b>	<b>13.1 %</b>	<b>29,159,788.23</b>
<b>Energy &amp; Power</b>	<b>3.4</b>	<b>2.0</b>	<b>4,536,525.93</b>
Nominal Bonds	3.4	2.4	5,429,909
Credit Default Swaps	0.0	-0.4	-893,383
<b>Communication</b>	<b>1.4</b>	<b>0.1</b>	<b>175,075.29</b>
Nominal Bonds	1.4	1.0	2,270,822
Credit Default Swaps	0.0	-0.9	-2,095,747
<b>Finance and Real Estate</b>	<b>15.9</b>	<b>10.8</b>	<b>24,131,302.70</b>
Nominal Bonds	15.9	10.9	24,345,913
Credit Default Swaps	0.0	-0.1	-214,610
<b>Commodity related</b>	<b>0.2</b>	<b>0.1</b>	<b>192,340.40</b>
<b>Other</b>	<b>3.9</b>	<b>0.1</b>	<b>124,543.91</b>
Nominal Bonds	3.9	2.9	6,508,677
Credit Default Swaps	0.0	-2.8	-6,384,133
<b>Non-U.S. Developed</b>	<b>1.0 %</b>	<b>2.0 %</b>	<b>4,419,104.37</b>
<b>Dollar Block</b>	<b>1.0</b>	<b>2.0</b>	<b>4,419,104.37</b>
<b>Net Cash Equivalents</b>	<b>2.5 %</b>	<b>31.0 %</b>	<b>69,688,665.63</b>
<b>Net Cash Equivalents</b>	<b>2.5</b>	<b>31.0</b>	<b>69,688,665.63</b>
<b>TOTAL</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>224,345,957.35</b>

<sup>1</sup>Swaps and Futures are reported above at bond equivalent exposure and offset in "Net Cash Equivalents". Refer to the Cash Equivalent Summary at the back of the Portfolio Inventory report for details.

PACIFIC INVESTMENT MANAGEMENT COMPANY

Account No: 1420 State of Montana Public Employee Deferred Comp Plan

Portfolio Inventory

As Of Date: 12/31/2010

CUSIP	Description	ISIN	Coupon	Maturity	Rating	Effective Duration	Current Yield	% of Mkt Val	Par/Shares	Cost		Market		Accrued Interest
										Price	USD Total	Price	USD Total	

Currency/American Quote:1.00000

UNITED STATES

Currency/European Quote:1.00000

**CASH EQUIVALENTS (Duration <= 1 Year, Quality >= BAA)**

**CASH EQUIVALENTS**

**CASH COLLATERAL**

CCMYCIUS7	CASH COLLATERAL ISDA MYC USD		0.13%	12/31/2060	A1+	0.00	0.18%	0.12%	280,000	100.000	280,000	100.000	280,000	44
CSH00BCY7	CASH COLLATERAL FUT BCY USD		0.03%	12/31/2060	A1+	0.00	0.08%	0.00%	11,000	100.000	11,000	100.000	11,000	1
SUBTOTAL								0.13%			291,000		291,000	45
<b>TOTAL CASH EQUIVALENTS</b>								<b>0.13%</b>			<b>291,000</b>		<b>291,000</b>	<b>45</b>

**SHORT-TERM INVESTMENT FUNDS <sup>1</sup>**

**SHORT-TERM INVESTMENT FUNDS**

899100499	FINL FUTURES MAINTENANCE ACCT		0.01%	12/01/2015	A1+	0.00	0.01%	0.02%	39,854	100.000	39,854	100.000	39,854	0
9840608A4	STATE STREET REPO		0.01%	12/01/2015	A1+	0.00	0.01%	0.09%	192,428	100.000	192,428	100.000	192,428	0
SUBTOTAL								0.10%			232,283		232,283	0
<b>TOTAL SHORT-TERM INVESTMENT FUNDS</b>								<b>0.10%</b>			<b>232,283</b>		<b>232,283</b>	<b>0</b>

**TREASURIES/AGENCIES**

**US TREASURY BILLS**

9127952G5	U S TREASURY BILLS	US9127952G59	0.13%	03/17/2011	AAA	0.20	0.13%	2.45%	5,500,000	99.963	5,497,938	99.980	5,498,884	0
9127952S9	U S TREASURY BILLS	US9127952S97	0.17%	05/26/2011	AAA	0.39	0.17%	5.26%	11,800,000	99.923	11,790,925	99.944	11,793,439	0
9127952U4	U S TREASURY BILLS	US9127952U44	0.17%	06/09/2011	AAA	0.43	0.17%	5.35%	12,000,000	99.910	11,989,232	99.932	11,991,888	0
912795UX7	U S TREASURY BILLS	US912795UX77	0.13%	01/13/2011	AAA	0.03	0.13%	6.91%	15,500,000	99.980	15,496,941	99.999	15,499,907	0
912795W64	U S TREASURY BILLS	US912795W649	0.17%	06/02/2011	AAA	0.41	0.17%	4.59%	10,300,000	99.926	10,292,360	99.940	10,293,779	0
912795X71	U S TREASURY BILLS	US912795X712	0.03%	01/06/2011	AAA	0.01	0.03%	0.13%	300,000	99.999	299,998	100.000	300,000	0
912795X89	U S TREASURY BILLS	US912795X894	0.15%	01/20/2011	AAA	0.05	0.15%	0.53%	1,200,000	99.976	1,199,716	99.999	1,199,982	0
912795X97	U S TREASURY BILLS	US912795X977	0.13%	01/27/2011	AAA	0.07	0.13%	0.13%	300,000	99.997	299,990	99.997	299,991	0
SUBTOTAL								25.35%			56,867,099		56,877,869	0
<b>TOTAL TREASURIES/AGENCIES</b>								<b>25.35%</b>			<b>56,867,099</b>		<b>56,877,869</b>	<b>0</b>

1. Short Term Investment Funds (STIF) represent residual cash for month-end reporting purposes. It does not indicate an actual holding of a security.



PACIFIC INVESTMENT MANAGEMENT COMPANY

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Portfolio Inventory

As Of Date: 12/31/2010

CUSIP	Description	ISIN	Coupon	Maturity	Rating	Effective Duration	Current Yield	% of Mkt Val	Par/Shares	Cost		Market		Accrued Interest
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Currency/American Quote:1.00000

UNITED STATES

Currency/European Quote: 1.00000

BONDS (Duration > 1 Year, and/or Quality < BAA)

TREASURIES/AGENCIES

US TREASURIES

912810EE4	U S TREASURY BOND	US912810EE48	8.50%	02/15/2020	AAA	7.11	5.94%	0.51%	800,000	138.328	1,106,625	143.094	1,144,750	25,685
912810EG9	U S TREASURY BOND	US912810EG95	8.75%	08/15/2020	AAA	7.37	5.99%	0.26%	400,000	141.313	565,250	146.094	584,375	13,220
912810EJ3	U S TREASURY BOND	US912810EJ35	8.13%	05/15/2021	AAA	7.90	5.72%	0.25%	400,000	140.480	561,922	141.969	567,875	4,220
912810EL8	U S TREASURY BOND	US912810EL80	8.00%	11/15/2021	AAA	8.21	5.66%	0.19%	300,000	137.835	413,504	141.453	424,359	3,116
912810EN4	U S TREASURY BOND	US912810EN47	7.63%	11/15/2022	AAA	8.84	5.48%	0.12%	200,000	136.813	273,625	139.172	278,344	1,980
912810EQ7	U S TREASURY BOND	US912810EQ77	6.25%	08/15/2023	AAA	9.59	4.97%	0.17%	300,000	127.250	381,751	125.703	377,109	7,082
912828HZ6	U S TREASURY NOTE	US912828HZ65	3.88%	05/15/2018	AAA	6.62	3.60%	0.10%	200,000	107.405	214,809	107.609	215,219	1,006
912828JR2	U S TREASURY NOTE	US912828JR22	3.75%	11/15/2018	AAA	7.05	3.53%	0.24%	500,000	107.935	539,677	106.383	531,914	2,434
912828KD1	U S TREASURY NOTE	US912828KD17	2.75%	02/15/2019	AAA	7.48	2.79%	0.35%	800,000	101.239	809,908	98.727	789,813	8,310
912828KW9	U S TREASURY NOTE	US912828KW97	3.25%	05/31/2016	AAA	5.07	3.08%	9.73%	20,700,000	107.576	22,268,305	105.492	21,836,885	59,143
912828LJ7	U S TREASURY NOTE	US912828LJ77	3.63%	08/15/2019	AAA	7.66	3.47%	0.47%	1,000,000	99.937	999,368	104.484	1,044,844	13,692
912828LL2	U S TREASURY NOTE	US912828LL24	3.00%	08/31/2016	AAA	5.32	2.89%	0.32%	700,000	99.391	695,734	103.828	726,797	7,135
912828MD9	U S TREASURY NOTE	US912828MD98	3.25%	12/31/2016	AAA	5.58	3.10%	8.27%	17,700,000	100.429	17,775,924	104.766	18,543,511	1,589
912828ME7	U S TREASURY NOTE	US912828ME71	2.63%	12/31/2014	AAA	3.84	2.52%	0.42%	900,000	105.915	953,233	104.289	938,602	65
912828MK3	U S TREASURY NOTE	US912828MK32	3.13%	01/31/2017	AAA	5.67	3.01%	1.07%	2,300,000	100.063	2,301,438	103.922	2,390,204	30,078
912828NF3	U S TREASURY NOTE	US912828NF38	2.13%	05/31/2015	AAA	4.26	2.09%	0.36%	800,000	103.395	827,156	101.610	812,877	1,495
912828NG1	U S TREASURY NOTE	US912828NG11	2.75%	05/31/2017	AAA	6.01	2.72%	1.40%	3,100,000	105.550	3,272,047	101.289	3,139,962	7,495
912828NK2	U S TREASURY NOTE	US912828NK23	2.50%	06/30/2017	AAA	6.12	2.51%	0.09%	200,000	99.522	199,045	99.641	199,281	14
912828NW6	U S TREASURY NOTE	US912828NW60	1.88%	08/31/2017	AAA	6.38	1.96%	0.47%	1,100,000	100.457	1,105,032	95.477	1,050,243	7,008
912828PA2	U S TREASURY NOTE	US912828PA23	1.88%	09/30/2017	AAA	6.46	1.97%	3.14%	7,400,000	99.870	7,390,389	95.242	7,047,923	35,450
SUBTOTAL								27.92%			62,654,743		62,644,887	230,217

US TREASURY - REAL RETURN BONDS

912828NM8	U S TREASURY INFLATE PROT BD	US912828NM88	1.25%	07/15/2020	AAA	4.49	1.22%	1.92%	4,211,886	101.837	4,289,248	102.531	4,318,501	24,321
SUBTOTAL								1.92%			4,289,248		4,318,501	24,321
<b>TOTAL TREASURIES/AGENCIES</b>								<b>29.85%</b>			<b>66,943,990</b>		<b>66,963,389</b>	<b>254,538</b>

MORTGAGES

PASS-THRU CERTIFICATES

01F040412	FNMA TBA 4% JAN 15YR	US01F0404123	4.00%	01/19/2026	AAA	3.29		1.84%	4,000,000	102.539	4,101,563	103.016	4,120,624	0
01F040610	FNMA TBA 4% JAN 30YR	US01F0406102	4.00%	01/13/2041	AAA	5.35		1.33%	3,000,000	97.188	2,915,625	99.500	2,985,000	0

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Currency/American Quote:1.00000

UNITED STATES

Currency/European Quote: 1.00000

**BONDS (Duration > 1 Year, and/or Quality < BAA)**

MORTGAGES

PASS-THRU CERTIFICATES

01F040628	FNMA TBA 4% FEB 30YR	US01F0406284	4.00%	02/10/2041	AAA	5.35		4.86%	11,000,000	98.609	10,847,031	99.219	10,914,068	0
01F042616	FNMA TBA 4.5% JAN	US01F0426167	4.50%	01/13/2041	AAA	4.18		6.86%	15,000,000	104.146	15,621,875	102.672	15,400,785	0
01F050619	FNMA TBA 5.0% JAN	US01F0506190	5.00%	01/13/2041	AAA	3.11		0.00%	0	0.000	0	105.141	0	0
02R032612	FHLMC TBA GOLD 3.5% JAN 30YR	US02R0326121	3.50%	01/13/2041	AAA	6.48		0.00%	0	0.000	0	95.328	0	0
31292LAD7	FHLMC GOLDCONV #C0-3604	US31292LAD73	3.50%	12/01/2040	AAA	6.48		0.00%	0	0.000	0	95.428	0	31,226
312944PC9	FHLMC GOLDCONV #A9-5819	US312944PC98	3.50%	12/01/2040	AAA	6.48		0.00%	0	0.000	0	95.428	0	9,024
3138A2DW6	FNMA PASS THRU MTG #AH1016	US3138A2DW64	4.00%	12/01/2040	AAA	5.35	4.01%	1.78%	4,000,000	100.031	4,001,250	99.627	3,985,060	13,333
31409TT40	FNMA PASS THRU MTG #878171	US31409TT402	4.50%	07/01/2036	AAA	4.18	4.37%	0.02%	50,292	91.055	45,793	102.897	51,748	189
31412QHP7	FNMA PASS THRU MTG #931838	US31412QHP72	4.50%	08/01/2039	AAA	4.18	4.38%	0.03%	60,625	104.297	63,230	102.787	62,314	227
31412QP60	FNMA PASS THRU MTG #932045	US31412QP608	4.50%	09/01/2039	AAA	4.18	4.38%	0.02%	49,202	104.297	51,316	102.787	50,573	185
31412QX95	FNMA PASS THRU DWARF #932304	US31412QX958	4.00%	12/01/2024	AAA	3.29	3.88%	0.02%	51,329	100.883	51,782	103.172	52,957	171
31413CRC5	FNMA PASS THRU DWARF #941583	US31413CRC54	4.00%	02/01/2025	AAA	3.29	3.87%	0.31%	679,659	100.883	685,659	103.406	702,810	2,266
31413DQX8	FNMA PASS THRU MTG #942470	US31413DQX83	4.00%	07/01/2037	AAA	5.35	4.01%	0.01%	33,212	98.102	32,582	99.673	33,104	111
31416LUW4	FNMA PASS THRU MTG #AA3296	US31416LUW44	4.50%	02/01/2039	AAA	4.18	4.38%	0.02%	50,862	104.297	53,048	102.787	52,280	191
31416MWR1	FNMA PASS THRU DWARF #AA4255	US31416MWR14	4.00%	04/01/2024	AAA	3.29	3.88%	0.24%	527,021	100.883	531,674	103.172	543,738	1,757
31416N2P6	FNMA PASS THRU DWARF #AA5281	US31416N2P61	4.00%	08/01/2024	AAA	3.29	3.88%	0.26%	573,587	100.883	578,650	103.172	591,780	1,912
31416NDH2	FNMA PASS THRU MTG #AA4603	US31416NDH26	4.50%	04/01/2039	AAA	4.18	4.38%	0.03%	62,434	104.297	65,117	102.787	64,174	234
31416QEJ0	FNMA PASS THRU DWARF #AA6436	US31416QEJ04	4.00%	05/01/2025	AAA	3.29	3.87%	0.32%	687,997	101.719	699,822	103.406	711,432	2,293
31416VBD5	FNMA PASS THRU MTG #AB0035	US31416VBD55	4.50%	04/01/2039	AAA	4.18	4.38%	1.22%	2,667,973	104.297	2,782,613	102.772	2,741,921	10,005
31417UME2	FNMA PASS THRU DWARF #AC7556	US31417UME28	4.00%	01/01/2025	AAA	3.29	3.87%	0.28%	598,763	100.883	604,049	103.406	619,158	1,996
31417VN66	FNMA PASS THRU MTG #AC8512	US31417VN669	4.50%	12/01/2039	AAA	4.18	4.38%	0.02%	49,753	104.297	51,891	102.787	51,140	187
31417VQW6	FNMA PASS THRU MTG #AC8568	US31417VQW62	4.50%	01/01/2040	AAA	4.18	4.38%	0.82%	1,778,887	104.297	1,855,323	102.787	1,828,470	6,671
31417WWZ0	FNMA PASS THRU DWARF #AC9663	US31417WWZ03	4.00%	01/01/2025	AAA	3.29	3.88%	0.29%	640,738	100.883	646,395	103.172	661,062	2,136
31417WXF3	FNMA PASS THRU DWARF #AC9677	US31417WXF30	4.00%	01/01/2025	AAA	3.29	3.88%	0.31%	668,625	100.883	674,528	103.172	689,833	2,229
31417YVG9	FNMA PASS THRU MTG #MA0614	US31417YVG96	4.00%	01/01/2041	AAA	5.35	4.02%	0.89%	2,000,000	100.031	2,000,625	99.611	1,992,218	6,667
31418NQR4	FNMA PASS THRU DWARF #AD1363	US31418NQR43	4.00%	01/01/2025	AAA	3.29	3.87%	0.24%	517,290	100.883	521,856	103.406	534,910	1,724
31418QB51	FNMA PASS THRU MTG #AD2759	US31418QB514	4.50%	08/01/2040	AAA	4.18	4.38%	0.03%	58,253	104.297	60,756	102.772	59,868	218
31418QYE7	FNMA PASS THRU DWARF #AD3408	US31418QYE78	4.00%	02/01/2025	AAA	3.29	3.88%	0.03%	65,728	100.883	66,308	103.172	67,812	219
31418SFC7	FNMA PASS THRU DWARF #AD4674	US31418SFC75	4.00%	05/01/2025	AAA	3.29	3.87%	0.12%	263,646	101.719	268,178	103.406	272,627	879
31418TJS7	FNMA PASS THRU MTG #AD5672	US31418TJS78	4.50%	05/01/2040	AAA	4.18	4.38%	0.02%	52,244	104.297	54,488	102.772	53,692	196
31418TX44	FNMA PASS THRU MTG #AD6098	US31418TX447	4.50%	08/01/2040	AAA	4.18	4.38%	0.03%	59,754	104.297	62,321	102.772	61,410	224
31418VH96	FNMA PASS THRU MTG #AD7455	US31418VH966	4.00%	11/01/2040	AAA	5.35	4.02%	0.02%	36,099	101.797	36,748	99.611	35,959	120
31418VQY1	FNMA PASS THRU MTG #AD7670	US31418VQY10	4.00%	08/01/2040	AAA	5.35		0.00%	0	0.000	0	99.611	0	1,997

PACIFIC INVESTMENT MANAGEMENT COMPANY

Account No: 1420 State of Montana Public Employee Deferred Comp Plan

Portfolio Inventory

As Of Date: 12/31/2010

CUSIP	Description	ISIN	Coupon	Maturity	Rating	Effective Duration	Current Yield	% of Mkt Val	Par/Shares	Cost		Market		Accrued Interest
										Price	USD Total	Price	USD Total	

Currency/American Quote:1.00000

UNITED STATES

Currency/European Quote: 1.00000

**BONDS (Duration > 1 Year, and/or Quality < BAA)**

**MORTGAGES**

**PASS-THRU CERTIFICATES**

31418WPG9	FNMA PASS THRU MTG	#AD8522	US31418WPG95	4.00%	08/01/2040	AAA	5.35		0.00%	0	0.000	0	99.611	0	373
31418WXJ4	FNMA PASS THRU MTG	#AD8780	US31418WXJ43	4.00%	10/01/2040	AAA	5.35	4.01%	0.18%	403,251	101.797	410,497	99.673	401,934	1,344
31418X2C1	FNMA PASS THRU MTG	#AD9770	US31418X2C12	4.00%	07/01/2040	AAA	5.35		0.00%	0	0.000	0	99.611	0	394
31419ADT1	FNMA PASS THRU MTG	#AE0113	US31419ADT16	4.00%	07/01/2040	AAA	5.35	4.01%	0.44%	1,000,000	100.031	1,000,313	99.640	996,397	3,333
31419BU29	FNMA PASS THRU MTG	#AE1500	US31419BU290	4.50%	09/01/2040	AAA	4.18	4.38%	0.03%	55,549	104.297	57,935	102.772	57,088	208
31419CZ48	FNMA PASS THRU MTG	#AE2562	US31419CZ487	4.00%	09/01/2040	AAA	5.35		0.00%	0	0.000	0	99.611	0	1,383
31419E5A3	FNMA PASS THRU MTG	#AE4440	US31419E5A35	4.00%	10/01/2040	AAA	5.35	4.02%	0.44%	996,449	101.797	1,014,354	99.611	992,572	3,322
31419F3A2	FNMA PASS THRU MTG	#AE5292	US31419F3A26	4.50%	09/01/2039	AAA	4.18	4.38%	0.03%	54,464	104.297	56,804	102.803	55,990	204
31419FKF2	FNMA PASS THRU MTG	#AE4793	US31419FKF26	4.00%	10/01/2040	AAA	5.35		0.00%	0	0.000	0	99.611	0	1,118
31419G2H6	FNMA PASS THRU MTG	#AE6175	US31419G2H69	4.00%	11/01/2040	AAA	5.35	4.02%	0.04%	99,845	101.797	101,639	99.611	99,457	333
31419JVG0	FNMA PASS THRU MTG	#AE7814	US31419JVG02	4.00%	11/01/2040	AAA	5.35	4.02%	0.22%	489,384	101.797	498,177	99.611	487,479	1,631
31419K2K0	FNMA PASS THRU MTG	#AE8877	US31419K2K09	4.00%	10/01/2040	AAA	5.35		0.00%	0	0.000	0	99.611	0	627
31419LH22	FNMA PASS THRU MTG	#AE9248	US31419LH221	4.00%	11/01/2040	AAA	5.35	4.02%	0.44%	998,315	101.797	1,016,253	99.611	994,430	3,328
36290SHU8	GNMA PASS THRU SGL FAML	#615943X	US36290SHU87	4.50%	09/15/2033	AAA	3.93	4.30%	0.02%	35,499	92.688	32,903	104.614	37,137	133
							SUBTOTAL			24.12%	54,220,971		54,115,010		116,316
							<b>TOTAL MORTGAGES</b>			<b>24.12%</b>	<b>54,220,971</b>		<b>54,115,010</b>		<b>116,316</b>

**CORPORATES**

**DEFAULTED COUNTERPARTY CLAIM**

LSIOPNTA5	LBSF OPEN POSITION NET ASSET				12/31/2060		0.00		0.05%	245,943	100.000	245,943	47.000	115,593	0
SLHOPNTA4	LBI OPEN POSITION NET ASSET				12/31/2060		0.00		0.07%	1,522,878	100.000	1,522,878	11.000	167,517	0
							SUBTOTAL			0.13%	1,768,822		283,110		0

**FINANCE**

025816AY5	AMERICAN EXPRESS GLBL SR NT		US025816AY50	7.00%	03/19/2018	A-	5.96	6.00%	0.42%	800,000	99.617	796,936	116.646	933,166	15,867
026874BT3	AIG INC		US026874BT38	8.25%	08/15/2018	A-	6.00	7.14%	0.82%	1,600,000	100.000	1,600,000	115.540	1,848,640	49,867
026874BW6	AIG INC		US026874BW66	6.40%	12/15/2020	A-	7.68	6.09%	0.84%	1,800,000	99.741	1,795,338	105.114	1,892,057	8,960
060505DH4	BANK OF AMERICA CORP GLBL SR NT		US060505DH44	6.00%	09/01/2017	A	5.67	5.72%	0.28%	600,000	100.457	602,742	104.944	629,664	12,000
06051GEE5	BANK OF AMERICA CORP SR NT		US06051GEE52	5.88%	01/05/2021	A	7.87	5.67%	1.85%	4,000,000	99.264	3,970,560	103.656	4,146,248	6,528
07385TAJ5	BEAR STEARNS CO INC GLBL NT SDF		US07385TAJ51	5.70%	11/15/2014	AA-	3.55	5.18%	0.15%	300,000	92.338	277,014	109.971	329,912	2,185
172967EH0	CITIGROUP INC GLBL NT		US172967EH05	6.00%	08/15/2017	A	5.66	5.52%	0.15%	300,000	100.774	302,322	108.619	325,856	6,800

PACIFIC INVESTMENT MANAGEMENT COMPANY

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										Price	USD Total	Price	USD Total	

Currency/American Quote:1.00000

UNITED STATES

Currency/European Quote:1.00000

BONDS (Duration > 1 Year, and/or Quality < BAA)

CORPORATES

FINANCE

172967EU1	CITIGROUP INC GBL SR NT	US172967EU16	6.50%	08/19/2013	A	2.46	5.92%	0.10%	200,000	99.534	199,068	109.873	219,745	4,767
38141GFM1	GOLDMAN SACHS GROUP INC SR NT	US38141GFM15	6.15%	04/01/2018	A+	6.09	5.58%	0.20%	400,000	93.885	375,540	110.282	441,126	6,150
46625HHP8	JPMORGAN CHASE & CO SR UNSECURED	US46625HHP82	3.70%	01/20/2015	AA-	3.81	3.57%	0.97%	2,100,000	100.810	2,117,010	103.586	2,175,300	34,749
46625HHU7	JPMORGAN CHASE & CO SR UNSECURED	US46625HHU77	4.25%	10/15/2020	AA-	8.22	4.34%	0.09%	200,000	99.510	199,020	97.858	195,716	1,653
59018YN64	MERRILL LYNCH & CO NT MTN	US59018YN641	6.88%	04/25/2018	A	6.00	6.27%	0.88%	1,800,000	99.914	1,798,452	109.594	1,972,696	22,688
6174466Q7	MORGAN STANLEY GBL SR UNSEC MTN	US6174466Q77	6.63%	04/01/2018	A	5.99	6.10%	0.44%	900,000	95.601	860,409	108.634	977,704	14,906
61744YAD0	MORGAN STANLEY SR UNSEC MTN	US61744YAD04	5.95%	12/28/2017	A	5.91	5.62%	0.80%	1,700,000	99.717	1,695,189	105.955	1,801,237	843
78442FEH7	SLM CORP	US78442FEH73	8.45%	06/15/2018	BAA-	5.76	8.12%	0.09%	200,000	74.500	149,000	104.079	208,158	751
SUBTOTAL								8.07%			16,738,600		18,097,225	188,713

INDUSTRIALS

13342BAC9	CAMERON INTL CORP GBL SR NT	US13342BAC90	6.38%	07/15/2018	BAA+	6.25	5.74%	0.45%	900,000	101.869	916,821	111.075	999,672	26,456
205944AB7	CON-WAY INC SR UNSEC	US205944AB76	7.25%	01/15/2018	BAA-	5.74	6.71%	1.69%	3,500,000	102.683	3,593,905	108.038	3,781,320	117,007
257867AT8	RR DONNELLEY & SONS NT	US257867AT88	6.13%	01/15/2017	BAA	5.19	5.98%	0.78%	1,700,000	100.228	1,703,876	102.351	1,739,974	48,013
260543CC5	DOW CHEMICAL CO/THE GBL SR UNSEC	US260543CC57	4.25%	11/15/2020	BAA-	8.27	4.42%	0.09%	200,000	99.725	199,450	96.170	192,340	1,228
50075NAS3	KRAFT FOODS INC SR UNSEC	US50075NAS36	6.50%	08/11/2017	BAA	5.62	5.58%	0.10%	200,000	104.831	209,662	116.566	233,133	5,056
620076AZ2	MOTOROLA INC SR NT	US620076AZ29	6.00%	11/15/2017	BAA-	5.82	5.65%	0.24%	500,000	94.765	473,827	106.170	530,849	3,833
761713AD8	REYNOLDS AMERICAN INC GBL CO GTD	US761713AD83	7.25%	06/01/2013	BAA	2.26	6.51%	0.45%	900,000	104.478	940,302	111.329	1,001,959	5,438
761713AF3	REYNOLDS AMERICAN INC GBL CO GTD	US761713AF32	7.75%	06/01/2018	BAA	5.97	6.61%	0.37%	700,000	107.822	754,754	117.250	820,749	4,521
761713AU0	REYNOLDS AMERICAN INC BD	US761713AU09	6.75%	06/15/2017	BAA	5.45	6.03%	0.30%	600,000	99.908	599,448	111.919	671,516	1,800
SUBTOTAL								4.44%			9,392,045		9,971,512	213,351
TOTAL CORPORATES								12.64%			27,899,467		28,351,847	402,064

EUROS / YANKEES

EUROS / YANKEES

22546QAE7	CREDIT SUISSE NEW YORK NT	US22546QAE70	3.50%	03/23/2015	AA+	3.97	3.41%	0.96%	2,100,000	99.841	2,096,661	102.530	2,153,132	20,008
78010XAC5	RBS PLC GBL BK GTD	US78010XAC56	4.88%	03/16/2015	AA-	3.86	4.76%	1.83%	4,000,000	99.768	3,990,720	102.389	4,095,556	56,875
85771PAB8	STATOIL ASA CO GTD	US85771PAB85	3.13%	08/17/2017	AA	6.10	3.15%	0.97%	2,200,000	99.782	2,195,204	99.171	2,181,755	25,590



PACIFIC INVESTMENT MANAGEMENT COMPANY

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										Price	USD Total	Price	USD Total	

Currency/American Quote:1.00000

**UNITED STATES**

Currency/European Quote: 1.00000

**BONDS (Duration > 1 Year, and/or Quality < BAA)**

**CREDIT DEFAULT SWAPS**

**SELL PROTECTION**

SWPC422E7	CDX IG13 10Y SP BOA RECEIVE		1.00%	12/20/2019	BAA+	0.01	0.00%	400,000	-1.366	-5,464	0.006	25	133	
							<u>0.03%</u>			<u>-77,776</u>		<u>77,697</u>	<u>4,067</u>	
<b>SUBTOTAL</b>											<b>-41,670</b>		<b>250,695</b>	<b>-1,887</b>
<b>TOTAL CREDIT DEFAULT SWAPS</b>														
<b>TOTAL BONDS (Duration &gt; 1 Year, and/or Quality &lt; BAA)</b>							<b>71.48%</b>				<b>159,496,741</b>		<b>160,359,866</b>	<b>874,787</b>

**MONEY MARKET FUTURES CONTRACTS**

**TREASURIES/AGENCIES**

**MONEY MARKET FUTURES**

EDH110006	FIN FUT EUROS\$ CME 03/14/11			03/15/2011	AAA	0.25	7.11%	16,000,000	99.638	15,942,050	99.635	15,941,600	0	
							<u>7.11%</u>			<u>15,942,050</u>		<u>15,941,600</u>	<u>0</u>	
<b>SUBTOTAL</b>											<b>15,942,050</b>		<b>15,941,600</b>	<b>0</b>
<b>TOTAL TREASURIES/AGENCIES</b>														
<b>TOTAL MONEY MARKET FUTURES CONTRACTS</b>							<b>7.11%</b>				<b>15,942,050</b>		<b>15,941,600</b>	<b>0</b>

**TOTAL UNITED STATES**

**108.99%**

**243,675,055**

**244,505,161**

**954,455**

PACIFIC INVESTMENT MANAGEMENT COMPANY

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Portfolio Inventory

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CUSIP	Description	ISIN	Coupon	Maturity	Rating	Effective Duration	Current Yield	% of Mkt Val	Par/Shares	Cost		Market		Accrued Interest
										Price	USD Total	Price	USD Total	
Currency/American Quote:0.97556						<b>AUSTRALIA</b>				Currency/European Quote:1.02505				
<b>CASH EQUIVALENTS (Duration &lt;= 1 Year, Quality &gt;= BAA)</b>										AUD		AUD		
<b>SHORT-TERM INVESTMENT FUNDS <sup>1</sup></b>														
<b>SHORT-TERM INVESTMENT FUNDS</b>														
908142094	STIF FUND (AUD)		0.50%	12/31/2015	A1+	0.00	0.50%	0.01%	21,384	100.000	19,813	100.000	21,920	5
							SUBTOTAL				19,813		21,920	5
							<b>TOTAL SHORT-TERM INVESTMENT FUNDS</b>				<b>19,813</b>		<b>21,920</b>	<b>5</b>
							<b>TOTAL CASH EQUIVALENTS (Duration &lt;= 1 Year, Quality &gt;= BAA)</b>				<b>19,813</b>		<b>21,920</b>	<b>5</b>
<b>BONDS (Duration &gt; 1 Year, and/or Quality &lt; BAA)</b>										AUD		AUD		
<b>SOVEREIGN</b>														
<b>SOVEREIGN NOTES</b>														
EI3151277	AUSTRALIAN GOVERNMENT	AU3TB0000077	4.75%	06/15/2016	AAA	4.74	4.90%	0.40%	900,000	101.089	828,829	96.960	894,500	2,047
							SUBTOTAL				828,829		894,500	2,047
							<b>TOTAL SOVEREIGN</b>				<b>828,829</b>		<b>894,500</b>	<b>2,047</b>
							<b>TOTAL BONDS (Duration &gt; 1 Year, and/or Quality &lt; BAA)</b>				<b>828,829</b>		<b>894,500</b>	<b>2,047</b>

1. Short Term Investment Funds (STIF) represent residual cash for month-end reporting purposes. It does not indicate an actual holding of a security.

PACIFIC INVESTMENT MANAGEMENT COMPANY

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Portfolio Inventory

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										Price	USD Total	Price	USD Total	

Currency/American Quote:0.97556

**AUSTRALIA**

Currency/European Quote:1.02505

AUSTRALIAN DOLLARS

AUD

AUD

CURRENCY<sup>2</sup>

CURRENCY

AUD1028A3	AUSTRALIAN DOLLARS (SELL vs.USD)			01/28/2011		0.00	-0.42%	-919,000	1.051	-874,809	0.979	-938,430	0
	<b>SUBTOTAL</b>						-0.42%			-874,809		-938,430	0
	<b>TOTAL CURRENCY</b>						<b>-0.42%</b>			<b>-874,809</b>		<b>-938,430</b>	<b>0</b>
	<b>TOTAL AUSTRALIAN DOLLARS</b>						<b>-0.42%</b>			<b>-874,809</b>		<b>-938,430</b>	<b>0</b>
	<b>TOTAL AUSTRALIA</b>						<b>-0.01%</b>			<b>-26,168</b>		<b>-22,010</b>	<b>2,051</b>

Currency/American Quote:0.99365

**CANADA**

Currency/European Quote:1.00639

CASH EQUIVALENTS (Duration <= 1 Year, Quality >= BAA)

CAD

CAD

SHORT-TERM INVESTMENT FUNDS<sup>1</sup>

SHORT-TERM INVESTMENT FUNDS

920142098	STIF FUND (CAD)			12/31/2015	A1+	0.00	0.00%	251	100.000	244	100.000	253	0
	<b>SUBTOTAL</b>						0.00%			244		253	0
	<b>TOTAL SHORT-TERM INVESTMENT FUNDS</b>						<b>0.00%</b>			<b>244</b>		<b>253</b>	<b>0</b>
	<b>TOTAL CASH EQUIVALENTS (Duration &lt;= 1 Year, Quality &gt;= BAA)</b>						<b>0.00%</b>			<b>244</b>		<b>253</b>	<b>0</b>

1. Short Term Investment Funds (STIF) represent residual cash for month-end reporting purposes. It does not indicate an actual holding of a security.

2. Currency positions may reflect forward or spot purchases/sells to settle pending trades or to increase/decrease currency exposure. Forward positions display maturity dates equal to the forward settlement date. Spot positions display no maturity date as these trades represent imminent cash conversion.

PACIFIC INVESTMENT MANAGEMENT COMPANY

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CUSIP	Description	ISIN	Coupon	Maturity	Rating	Duration	Effective Current Yield	% of Mkt Val	Par/Shares	Cost		Market		Accrued Interest	
										Price	USD Total	Price	USD Total		
Currency/American Quote:0.99365						<b>CANADA</b>				Currency/European Quote: 1.00639					
<b>BONDS (Duration &gt; 1 Year, and/or Quality &lt; BAA)</b>										CAD					CAD
<b>SOVEREIGN</b>															
<b>SOVEREIGN NOTES</b>															
135087ZB3	CANADA GOVT NT	CA135087ZB34	1.50%	03/01/2012	AAA	1.14	1.50%	1.57%	3,500,000	100.507	3,288,120	100.064	3,524,605	17,806	
							SUBTOTAL	1.57%			3,288,120		3,524,605	17,806	
							<b>TOTAL SOVEREIGN</b>	<b>1.57%</b>			<b>3,288,120</b>		<b>3,524,605</b>	<b>17,806</b>	
<b>TOTAL BONDS (Duration &gt; 1 Year, and/or Quality &lt; BAA)</b>							<b>1.57%</b>				<b>3,288,120</b>		<b>3,524,605</b>	<b>17,806</b>	
<b>CANADIAN DOLLARS</b>										CAD					CAD
<b>CURRENCY<sup>2</sup></b>															
<b>CURRENCY</b>															
CAD1048A1	CANADIAN DOLLAR (SELL vs.USD)			02/17/2011		0.00	-1.56%		-3,489,000	1.007	-3,464,128	0.995	-3,507,802	0	
							SUBTOTAL	-1.56%			-3,464,128		-3,507,802	0	
							<b>TOTAL CURRENCY</b>	<b>-1.56%</b>			<b>-3,464,128</b>		<b>-3,507,802</b>	<b>0</b>	
<b>TOTAL CANADIAN DOLLARS</b>							<b>-1.56%</b>				<b>-3,464,128</b>		<b>-3,507,802</b>	<b>0</b>	
<b>TOTAL CANADA</b>							<b>0.01%</b>					<b>-175,763</b>		<b>17,055</b>	<b>17,806</b>

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										Price	USD Total	Price	USD Total	
Currency/American Quote:0.74541						<b>EURO M. UNION</b>				Currency/European Quote:1.34155				
<b>CASH EQUIVALENTS (Duration &lt;= 1 Year, Quality &gt;= BAA)</b>										EUR		EUR		
<b>SHORT-TERM INVESTMENT FUNDS<sup>1</sup></b>														
<b>SHORT-TERM INVESTMENT FUNDS</b>														
929072692	STATE STREET STIF FUND (EUR)		0.10%	12/01/2015	A1+	0.00	0.10%	0.00%	3,450	100.000	5,381	100.000	4,629	0
							SUBTOTAL				5,381		4,629	0
							<b>TOTAL SHORT-TERM INVESTMENT FUNDS</b>				<b>5,381</b>		<b>4,629</b>	<b>0</b>
							<b>TOTAL CASH EQUIVALENTS (Duration &lt;= 1 Year, Quality &gt;= BAA)</b>				<b>5,381</b>		<b>4,629</b>	<b>0</b>
							<b>TOTAL EURO M. UNION</b>				<b>5,381</b>		<b>4,629</b>	<b>0</b>

1. Short Term Investment Funds (STIF) represent residual cash for month-end reporting purposes. It does not indicate an actual holding of a security.

PACIFIC INVESTMENT MANAGEMENT COMPANY

Account No: 1420 State of Montana Public Employee Deferred Comp Plan

Portfolio Inventory

USD Market Value

As Of Date: 12/31/2010

**TOTAL ACCOUNT SUMMARY**

TOTAL POSITIONS HELD <i>(excluding Cash Equivalents)</i>	164,451,691.73
CASH EQUIVALENT ASSETS	
CASH EQUIVALENT SECURITIES	68,557,776.50
CURRENCY FORWARD POSITIONS	(4,446,232.02)
NET MONEY MARKET FUTURES POSITIONS <sup>1</sup>	3,985,400.00
INTEREST AND DIVIDENDS ACCRUED / RECEIVABLE	974,313.70
RESIDUAL CASH	11.39
OTHER ASSETS / LIABILITIES	
NET MONEY MARKET FUTURES (DUE TO) / DUE FROM BROKER <sup>1</sup>	(3,985,400.00)
NET BOND/STOCK EQUIVALENT FUTURES (DUE TO) / DUE FROM BROKER	0.00
NET UNSETTLED TRADES (DUE TO) / DUE FROM BROKER <i>(including Currency)</i>	(4,161,462.78)
BROKER CASH COLLATERAL RECEIVED	(1,030,141.17)
<b>NET ACCOUNTING VALUE (USD)</b>	<b><u>224,345,957.35</u></b>

1. The notional amount of money market futures is divided by the term of the underlying interest rate to properly reflect exposure. Eurodollar futures, based on an annualized 3-month interest rate, are divided by 4; Fed funds futures, based on an annualized 1-month rate, are divided by 12.

PACIFIC INVESTMENT MANAGEMENT COMPANY

Account No: 1420 State of Montana Public Employee Deferred Comp Plan

Portfolio Inventory

USD Market Value

As Of Date: 12/31/2010

<u>CASH EQUIVALENT SUMMARY</u>	
<b>CASH EQUIVALENT SECURITIES HELD</b>	
SHORT TERM INVESTMENT FUNDS	259,083.96
OTHER CASH EQUIVALENT SECURITIES	68,298,692.54
<b>TOTAL CASH EQUIVALENT SECURITIES HELD</b>	<b>68,557,776.50</b>
<b>OTHER CASH EQUIVALENTS</b>	
RESIDUAL CASH	11.39
INTEREST AND DIVIDENDS ACCRUED / RECEIVABLE	974,313.70
<b>TOTAL OTHER CASH EQUIVALENTS</b>	<b>974,325.09</b>
<b>TOTAL CASH AND CASH EQUIVALENT ASSETS</b>	<b>69,532,101.59</b>
<b>OTHER ASSETS AND LIABILITIES</b>	
CURRENCY FORWARD POSITIONS	(4,446,232.02)
NET CURRENCY FORWARDS (DUE TO) / DUE FROM BROKER	4,338,936.53
NET UNSETTLED TRADES (DUE TO) / DUE FROM BROKER	(8,500,399.31)
NET MONEY MARKET FUTURES POSITIONS	3,985,400.00
NET MONEY MARKET FUTURES (DUE TO) / DUE FROM BROKER	(3,985,400.00)
NET BOND/STOCK EQUIVALENT FUTURES (DUE TO) / DUE FROM BROKER	0.00
BROKER CASH COLLATERAL RECEIVED	(1,030,141.17)
EXCHANGE TRADED CREDIT DEFAULT SWAPS (DUE TO) / DUE FROM BROKER	0.00
SWAPS ADJUSTMENT TO BOND EXPOSURE <sup>2</sup>	9,794,400.01
<b>TOTAL OTHER ASSETS AND LIABILITIES</b>	<b>156,564.04</b>
<b>NET CASH EQUIVALENTS AVAILABLE FOR INVESTMENT (USD)</b>	<b>69,688,665.63</b>

2. Represents the offsetting exposure of the floating-rate leg of interest rate, index, and total return swaps, and the implied liability/asset associated with credit default swaps.

## Derivatives Summary

## State of Montana Public Employee Deferred Comp Plan

Derivatives As of 12/31/2010	% of Duration	% of Mkt Value	Characteristics of Derivatives	Control Measures
<b><u>Bond-Equivalent Derivatives</u></b>				
<b>Government Futures</b>	<b>0.0</b>	<b>0.0</b>	Used to adjust interest rate exposures and replicate government bond positions. May offer opportunity to outperform due to active management of the liquid portfolio backing the exposure.	Bond-equivalent exposure included in portfolio duration. Back net long futures positions with high grade, liquid debt securities.
U.S.	0.0	0.0		
Non - U.S.	0.0	0.0		
<b>Interest Rate Swaps</b>	<b>0.0</b>	<b>0.0</b>	Includes Swaps with duration greater than 1 year. Used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions ("receive fixed") increase exposure to long-term interest rates; short positions ("pay fixed") decrease exposure.	Bond-equivalent exposure included in portfolio duration. Back net long swaps positions with high grade, liquid debt securities.
Receive	0.0	0.0		
Pay	0.0	0.0		
<b>Credit Default Swaps</b>	<b>0.1</b>	<b>-0.1</b>	Credit default swaps are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure ("selling protection"), obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure ("buying protection"), providing the right to "put" bonds to the counterparty in the event of a default.	Bond-equivalent exposure included in portfolio credit risk measures. Back net long exposures with high grade, liquid debt securities. Continually monitor underlying credit exposure.
Written	0.0	5.5		
Purchased	0.1	-5.6		
<b>Option Premiums</b>	<b>0.0</b>	<b>0.0</b>	Purchased options are used to manage interest rate and volatility exposures. Written options generate income in expected interest rate scenarios and may generate capital losses if unexpected interest rate environments are realized. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option.	Bond-equivalent exposure included in portfolio duration (weighted by volatility relative to underlying instrument). In-the-money portion of written options covered by high grade, liquid debt securities.
Written	0.0	0.0		
Purchased	0.0	0.0		
<b>Mortgage Derivatives</b>	<b>0.0</b>	<b>0.0</b>	Used to manage portfolio duration and/or enhance yield. Includes securities determined by PIMCO to have potentially less stable duration characteristics, such as Interest Only strips (IOs), Principal Only strips (POs), Support Class CMOs and Inverse Floaters. Value will fluctuate as prepayment speeds respond to rising and falling interest rates.	Bond exposure included in portfolio duration, convexity, and prepayment risk measures. Use IOs' and POs' in moderation and in an overall portfolio context.
<b>Total Bond-Equiv. Derivatives:</b>	<b>0.1 %</b>	<b>-0.1 %</b>		
<b><u>Money Market Derivatives</u></b>	<b>0.5</b>	<b>1.8</b>	Used to manage exposures at the front end of the yield curve. Includes Swaps with duration of 1 year or less, and Eurodollar, Euribor and other futures based on short-term interest rates. The notional amount of money market futures is divided by the term of the underlying interest rate to properly reflect the exposure. Eurodollar futures, based on an annualized 3-month interest rate, are divided by 4; Fed funds futures, based on an annualized 1-month rate, are divided by 12.	Bond-equivalent exposure included in portfolio duration. Money market futures are based on short-term interest rates and don't require delivery of an asset at expiration, therefore do not require cash backing.
Futures	0.5	1.8		
Interest Rate Swaps	0.0	0.0		

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**Past performance is not a guarantee or reliable indicator of future results.** Derivatives may involve certain costs and risks such as liquidity, interest rate, market, credit, management and the risk that a position could not be closed when most advantageous.

Investing in derivatives could lose more than the amount invested. Swaps are a type of derivative; while some swaps trade through a clearinghouse there is generally no central exchange or market for swap transactions and therefore they tend to be less liquid than exchange-traded instruments. Credit default swap (CDS) is an over-the-counter (OTC) agreement between two parties to transfer the credit exposure of fixed income securities; CDS is the most widely used credit derivative instrument. All investments contain risk and may lose value. Investing in foreign denominated and/or domiciled securities may involve heightened risk due to currency fluctuations, and economic and political risks, which may be enhanced in emerging markets. Mortgage and asset-backed securities may be sensitive to changes in interest rates, subject to early repayment risk, and their value may fluctuate in response to the market's perception of issuer creditworthiness; while generally supported by some form of government or private guarantee there is no assurance that private guarantors will meet their obligations.

The value of most bond funds and fixed income securities are impacted by changes in interest rates. Bonds and bond funds with longer durations tend to be more sensitive and more volatile than securities with shorter durations; bond prices generally fall as interest rates rise.

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# Portfolio Risk Measures

## State of Montana Public Employee Deferred Comp Plan

Risk Measures (yrs)	12/31/2010	Definitions of Risk Measures	
<u>Interest Rate Exposures:</u>			
<u>Effective Duration</u>			
Portfolio	<b>3.86</b>	A portfolio's price sensitivity to changes in interest rates. An accurate predictor of price changes only for small, parallel shifts of the yield curve. For every 1 basis point fall (rise) in interest rates, a portfolio with duration of 1 year will rise (fall) in price by 1 bp.	
Benchmark	<b>3.91</b>		
<u>Bull Market Duration</u>			
Portfolio	<b>3.48</b>	A portfolio's effective duration after a 50 bp decline in rates. The extent to which a portfolio's duration exceeds its bull market duration is a gauge of contraction risk.	
Benchmark	<b>3.91</b>		
<u>Bear Market Duration</u>			
Portfolio	<b>4.13</b>	A portfolio's effective duration after a 50 bp rise in rates. The extent to which a Portfolio's bear market duration exceeds its duration is a gauge of extension risk.	
Benchmark	<b>3.91</b>		
<u>Total Curve Duration</u>			
	<b>-0.50</b>	A portfolio's price sensitivity relative to the benchmark to changes in the slope of the yield curve, measured between the 2-30 year Treasury yields, holding the 10-year yield constant. For every 1 bp of steepening (flattening), a portfolio with curve duration of 1 year will rise (fall) in price by 1 bp relative to the benchmark.	
<u>Sector Exposures:</u>			
<u>Mortgage Spread Duration</u>			
Portfolio	<b>1.24</b>	Spread duration represents a portfolio's sensitivity to changes in option-adjusted spread (OAS), which affects the value of bonds that trade at a yield spread to Treasuries. Corporate, Mortgage, and Emerging Markets spread duration represents the contribution of each sector to the overall portfolio spread duration. For every 1 year of spread duration, portfolio value should rise (fall) by 1 basis point with every 1 basis point of OAS tightening (widening). Negative spread duration indicates the portfolio will benefit from widening spreads relative to Treasuries.	
Benchmark	<b>0.00</b>		
<u>Corporate Spread Duration</u>			
Portfolio	<b>0.91</b>		
Benchmark	<b>1.15</b>		
<u>EM Spread Duration</u>			
Portfolio	<b>0.00</b>		
Benchmark	<b>0.08</b>		
<u>Swap Spread Duration</u>			
Portfolio	<b>0.01</b>		The contribution of provincials, agencies, and swaps to spread duration. Includes the impact of non-swap instruments that are sensitive to swap spreads.
Benchmark	<b>0.46</b>		

## DISCLOSURE

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# ACCOUNTING REPORT GLOSSARY

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Pacific Investment Management Company employs a TRADE DATE-BASIS, ACCRUAL-BASIS, double-entry accounting system. Since many custodian statements are based on settlement date-basis, or cash-basis accounting systems, there may be some confusion as to what information is contained under various headings in our accounting reports. Therefore, we have defined many of the terms as we use them in our statements.

<b>Amount -</b>	Value given / received when security was bought / sold.
<b>Broker -</b>	PIMCO internal code.
<b>Broker Cash Collateral Received -</b>	In the form of cash, the amount of collateral that has been pledged & received from authorized Counterparties (Initial Cash Collateral Amount + Accrued Interest).
<b>Cash Equivalents (Duration &lt;=1 year) -</b>	<p>PIMCO defines Cash Equivalent securities as liquid securities of investment grade quality with duration of 1 year or less. Duration of 1 year or less is usually attributed to the following classes of securities:</p> <ul style="list-style-type: none"><li>• Overnight securities and instruments with final maturity dates within one year, including but not limited to Short Term Investment Funds, repurchase agreements, commercial paper, certificates of deposit, Treasury bills, etc.</li><li>• Adjustable Rate and Floating Rate instruments with interest reset periods of 1 year or less exhibiting price volatility commensurate with the reset frequency.</li><li>• Fixed rate instruments with coupon rates and/or prepayment features leading to market expectations of substantial repayment within 1 year and exhibiting price volatility commensurate with this expectation.</li></ul>
<b>Cost Amount -</b>	This is the original cost of a position. When a position consists of several "lots" purchased at different prices, it is the total cost of the lots. Any expenses associated with an acquisition (i.e., postage, insurance, commissions) are included in Cost Amount.
<b>Dividend Rate -</b>	In the case of bonds, it is the coupon rate on the bonds. In the case of stocks, it is the current annual dividend amount per share expressed in dollars. Finally, in the case of cash equivalents, it is the annualized yield. The rate reported for commingled short-term investment funds is the annualized yield as of the date of the statement.
<b>Dividends Receivable -</b>	When a stock goes ex-dividend, we show the dividend as receivable. It is automatically posted to cash on the dividend payment date.
<b>Due To/From Broker -</b>	This aggregates items which have been bought/sold, including short sales (forward pass-through buys/sales). They are included/removed from the inventory as of the Trade Date, but posting to cash does not occur until Settlement Date.
<b>Duration -</b>	Measures the sensitivity of a bond or portfolio's price to changes in interest rates. The calculation of duration incorporates yield, coupon, final maturity and call features into one measure.
<b>Exchange rate -</b>	The relative value of one currency to the U.S. dollar.
<b>Factor -</b>	The multiple of original face outstanding at the time of purchase or sale.
<b>Futures Long / Futures Short -</b>	Refers to aggregate market value positions in financial futures contracts either held for future delivery into account (Futures Long) or the future delivery of financial instruments from account (Futures Short).
<b>IND % -</b>	Refers to percent of asset classification (i.e., Cash and Cash equivalents, Bonds, Equities).
<b>Int. B/S -</b>	Interest bought or sold.
<b>Interest Receivable -</b>	Interest income impacts the portfolio as soon as it is earned.
<b>Market Amount -</b>	Market Price times Quantity.
<b>Market Price -</b>	Closing prices on most securities are obtained from vendors such as Interactive Data Corp., Merrill Lynch, and Bear Street Software. PIMCO also has an internal duration model that calculates prices based on a treasury yield spread. Market prices are also obtained from other services such as Bloomberg, Reuters and various market makers.
<b>NAV % -</b>	Refers to percent of Total Account Market Value.
<b>Net Unsettled Trades -</b>	This is the sum of any Due-To-Broker and Due-From-Broker amounts. The actual item purchased shows in the inventory listing as of the Trade Date. The payable is automatically posted against cash on Settlement Date.
<b>Original Face -</b>	Value of asset pool at time of origination.
<b>Pay Code -</b>	"S" indicates transaction has settled.
<b>Paydowns -</b>	Include all pass-through principal payments.
<b>Payups -</b>	Included are regular additions to GNMA Graduated-Payment Mortgage principal balances, as well as some CMOs.

<b>Price -</b>	Value of security at the time of purchase or sale.
<b>Principal -</b>	Original face multiplied by factor price.
<b>Share / Par -</b>	Refers to par value in the case of bonds, and number of shares in the case of stocks.
<b>Short Sales -</b>	We are using this feature of our system to reflect forward pass-through sales prior to the availability of pool factors. They are reflected in the portfolio inventory beneath the long position as negative.
<b>Total Cash Less Unsettled Trades -</b>	This refers to all items in the Cash Accounts section of the inventory, less any Due-To-Broker and Due-From-Broker Amounts.
<b>Total Cost -</b>	This is the total original cost of positions. When positions consists of several "lots" purchased at different prices, it is the total cost of the lots.
<b>Unit Cost -</b>	This is Cost Amount divided by Quantity times 100.
<b>Yield -</b>	The rate of annual income return on an investment expressed as a percentage. Current yield is obtained by dividing the coupon rate of interest by the market price. Estimated yield to maturity is obtained by applying discounts and premiums from par to the income return. Bond yields move inversely to market prices. As market prices rise, yields on existing securities fall, and vice versa.

# EXPLANATION OF PIMCO'S ACCOUNTING TREATMENT OF FINANCIAL FUTURES POSITIONS

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Accounting conventions for handling futures contract positions require that all open futures positions be disclosed as memo items on balance sheet statements (i.e., there is no cost or market value associated with a position). Although this approach discloses the existence of futures positions, it is not helpful in gauging the volatility characteristics of the portfolio. For example, a \$100,000 portfolio of cash that is also "long" one Treasury Bond futures contract at a price of 100 (equates to owning \$100,000 of Treasury Bonds) would look as follows:

## PORTFOLIO INVENTORY AS OF December 31, 2010

Cash	\$100,000
Long One Treasury Bond Future	<u>- -</u>
TOTAL	\$100,000

Viewing the above statement may give the impression that the portfolio is a conservative one, because all of its assets are in cash. However, being long the bond futures contract means that the value of the portfolio will fluctuate similar to a 30-year bond. Therefore, in order to reflect the economic impact of our futures positions, we prefer to value them for portfolio inventory purposes at their market value. Then, to avoid double-counting, the value of the futures positions is offset with a contra-account liability (Futures - Long Positions).

The example above would look as follows according to our methodology :

## PORTFOLIO INVENTORY AS OF December 31, 2010

Cash	\$100,000
Long One Treasury Bond Future	\$100,000
Futures - Long Positions	<u>(100,000)</u>
TOTAL	\$100,000

By valuing the portfolio's futures positions in this manner, it is easy to grasp their impact and size. In this case, comparing the \$100,000 futures positions to the total portfolio value of \$100,000 indicates that the portfolio is essentially 100% invested in long bonds.

