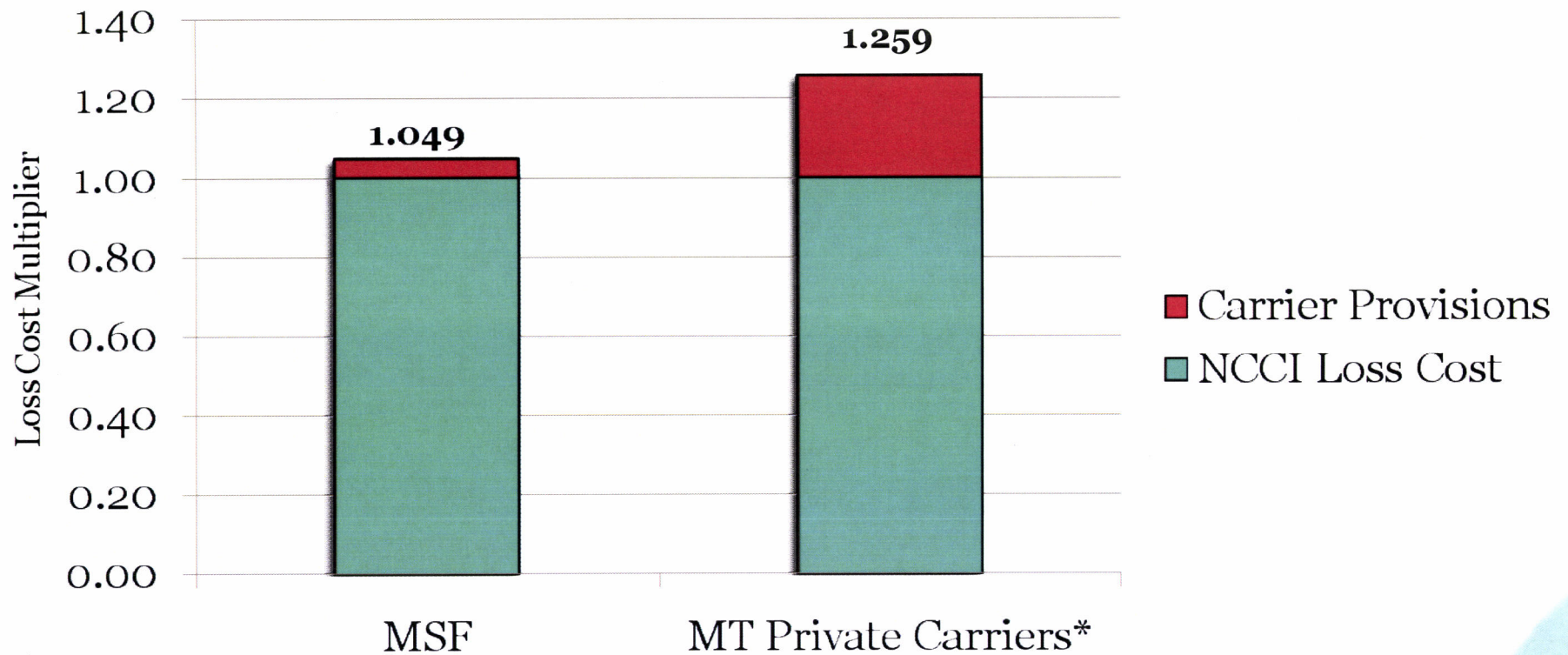


MSF Average Rates versus MT Private Carrier Average Rates

LCM Effective 7/1/2009





Statutory Expense Ratio Excluding Dividends - MSF

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Target	25.4%	23.2%	22.2%	21.9%	26.4%	29.0%
Actual		26.0%	19.8%	25.1%	21.0%	22.1%

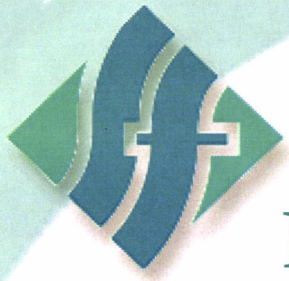
Average Expense Ratio - Top 10 Carriers - Excluding Dividends

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actual	n/a	n/a	36.7%	37.0%	37.2%	36.0%

Note 2: 2008 is the most current year for which data is available on the Top 10 carriers ratios for MT Workers Comp carriers.

Note 3: Top 10 Carriers excludes one carrier whose ratio disproportionately skews the data.

Note 4: Top 10 Carriers high expense ratio was 48.8% and low expense ratio was 29.54%.



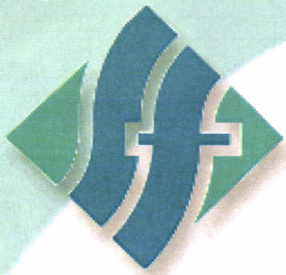
MSF Rate Tiers Compared to Private Carrier Multiple Company Filings

Montana State Fund

Montana Private Carrier X

<u>Rate Tier</u>	<u>FY2009 DWP</u>	<u>%Premium</u>	<u>LCM*</u>		<u>NAIC Code</u>	<u>2008 DWP</u>	<u>%Premium</u>	<u>LCM*</u>
Tier1	8,935,796	5%	0.911	⇒	42404	2,165,326	5%	0.749
Tier2	75,797,931	38%	0.973		23035	2,370,076	5%	1.153
Tier3	76,598,732	39%	1.041		41939	37,705,956	83%	1.195
Tier4	34,583,883	18%	1.249		33588	1,511,525	3%	1.384
Tier5	1,178,109	1%	1.665	⇒	23043	1,817,451	4%	1.730
Total/WtdAvg	197,094,452	100%	1.049		Total/WtdAvg	45,570,334	100%	1.199

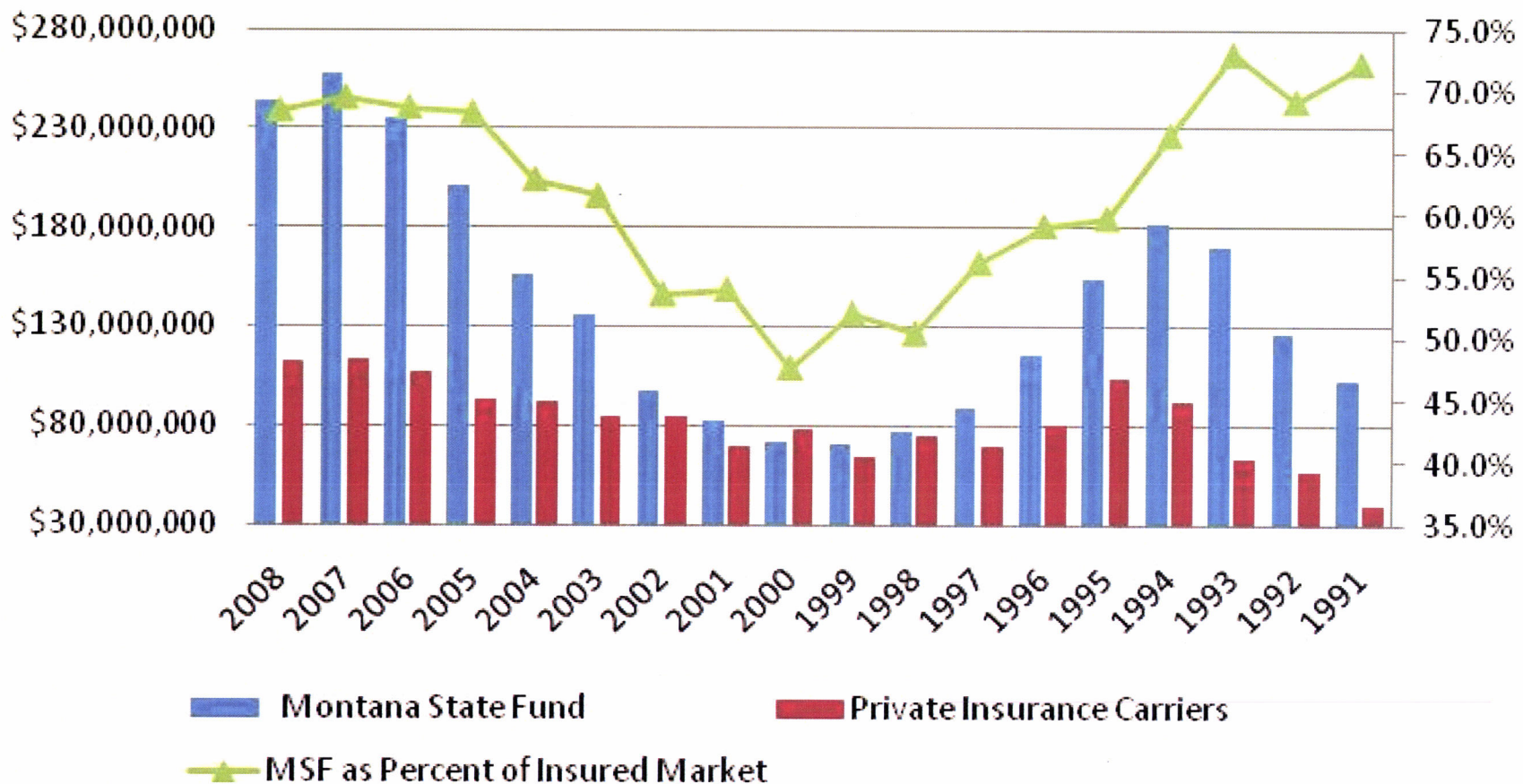
* LCMs effective 7/1/2009

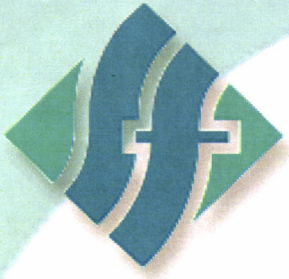


The market cycle occurs even in the presence of MSF

Seven of the Top Twenty Carriers in 1997 are no longer in business (nothing to do with MSF as they were under the regulatory authority of their respective Insurance Departments)

MSF/Private Carrier Market Share

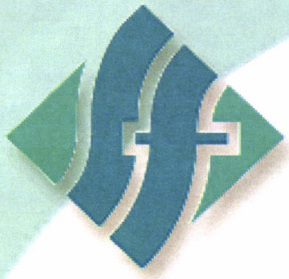




- Market Dislocation (Mergers and Dissolutions in MT Market)

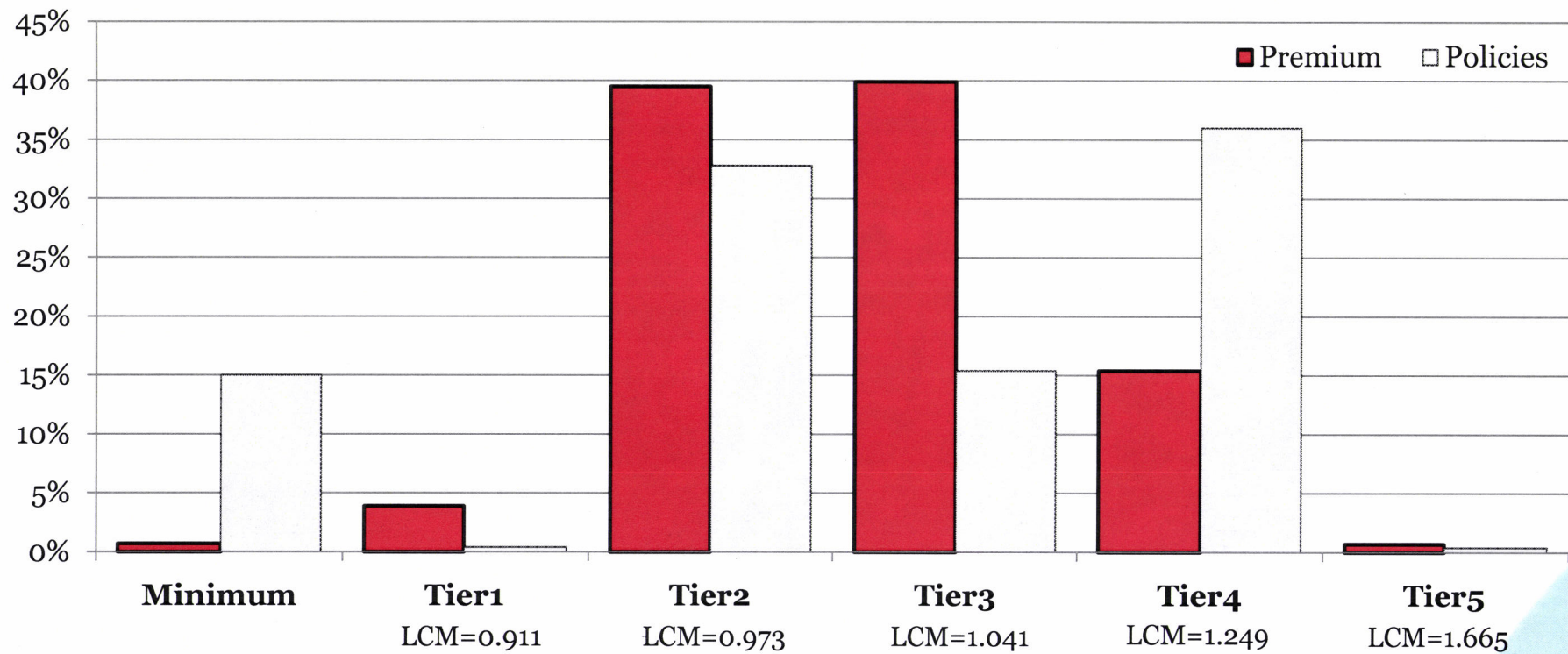
CIGNA	→	Ace
Continental	→	CNA
California Comp	→	Superior National
USF&G	→	St. Paul
St. Paul	→	Travelers
Orion Capital	→	Royal
Royal	→	Travelers
Aetna Life & Casualty	→	Travelers
General Accident	→	CGU
CGU	→	One Beacon
One Beacon	→	Liberty Mutual
Safeco	→	Liberty Mutual
Golden Eagle	→	Liberty Mutual
Employers Wausau	→	Liberty Mutual

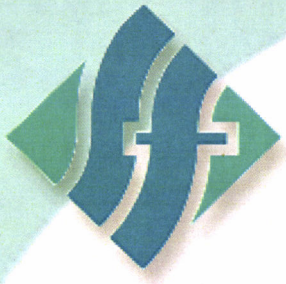
Fremont	→	Conservation
Reliance Grp	→	Liquidation
Superior Nat'l	→	Liquidation
Home Ins Grp	→	Liquidation
Legion	→	Liquidation
Kemper	→	Selling Off
Mission	→	Liquidation



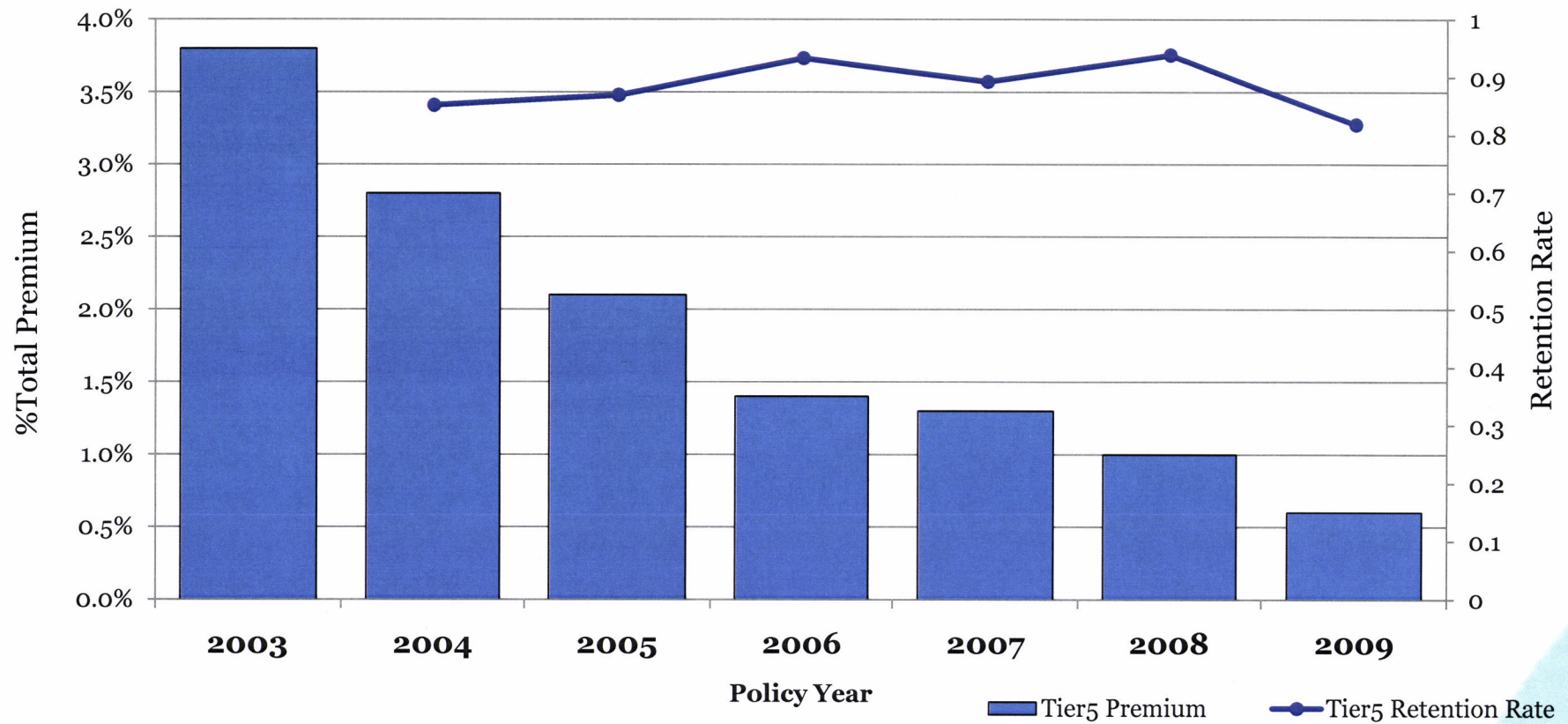
MSF Premium & Policies by Rate Tier

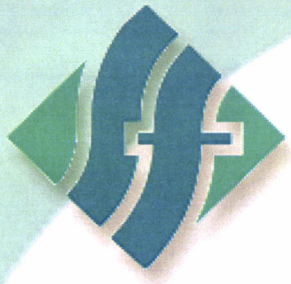
Current active policies as of 12/31/2009





MSF Tier 5 Premium & Retention





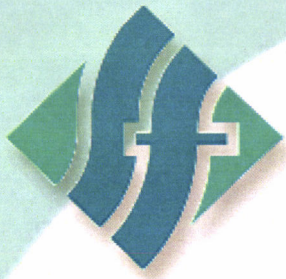
MSF Scheduled Rating

MSF current active policies as of 12/31/2009

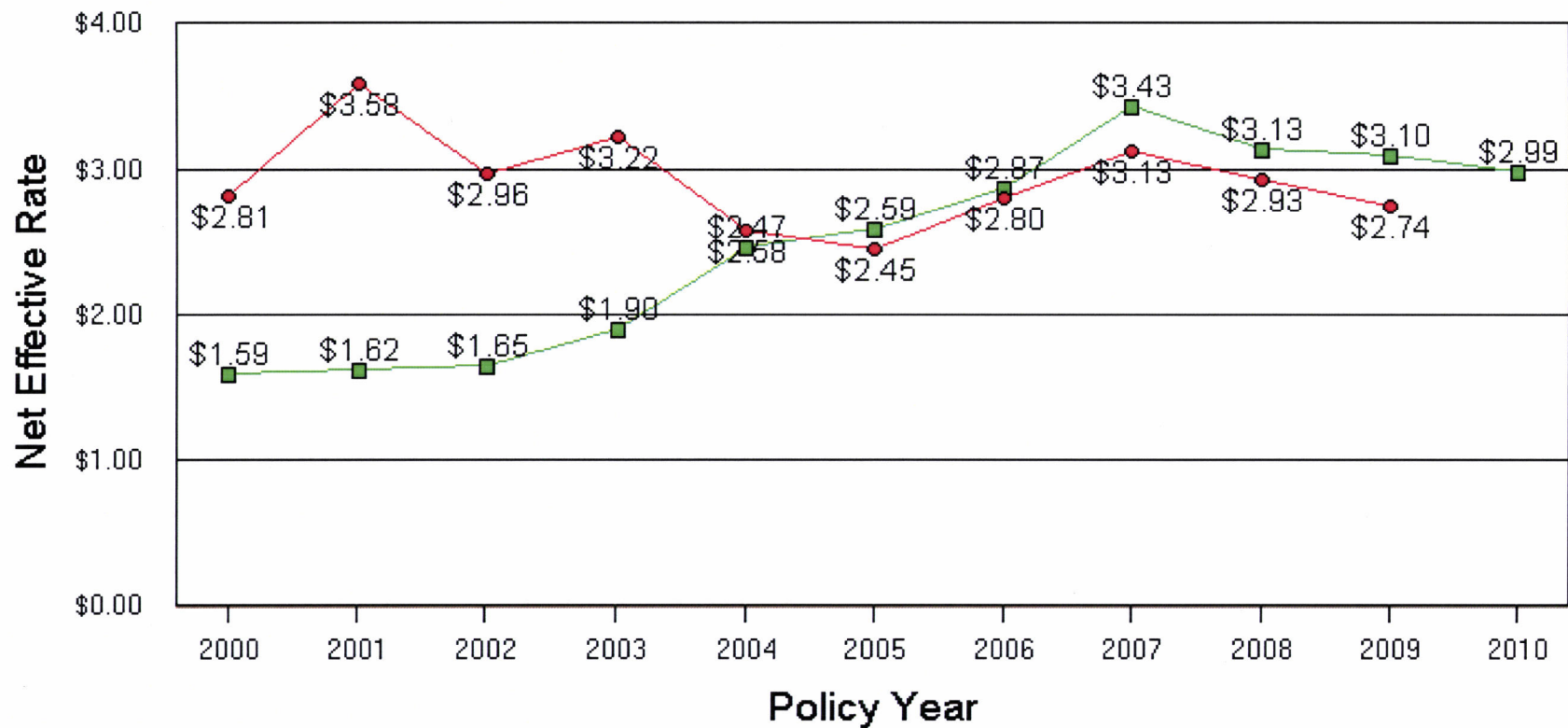
Scheduled Rating Modifier		<u>Policies</u>	<u>%Policies</u>	<u>Written Premium</u>	<u>% Written Premium</u>	<u>Average Credit/Debit</u>	<u>Average Modifier</u>
<u>From</u>	<u>To</u>						
0.00	0.60	-	0.0%		\$0	0.0%	na
0.60	0.80	110	0.4%	11,306,266	6.2%	-27.2%	0.728
0.80	0.90	211	0.8%	11,902,744	6.5%	-17.4%	0.826
0.90	0.95	190	0.7%	11,114,063	6.1%	-9.6%	0.904
0.95	1.00	431	1.7%	14,369,315	7.9%	-4.7%	0.953
1.00	1.00	24,235	94.8%	112,553,771	61.9%	0.0%	1.000
1.00	1.05	8	0.0%	610,310	0.3%	2.1%	1.021
1.05	1.10	91	0.4%	5,939,178	3.3%	5.3%	1.053
1.10	1.20	144	0.6%	6,717,816	3.7%	11.8%	1.118
1.20	1.40	111	0.4%	5,256,809	2.9%	25.1%	1.251
1.40	1.60	20	0.1%	958,196	0.5%	45.2%	1.452
1.60	2.00	10	0.0%	940,823	0.5%	77.7%	1.777
2.00	& Above	<u>5</u>	<u>0.0%</u>	<u>182,026</u>	<u>0.1%</u>	<u>127.1%</u>	<u>2.271</u>
Total		25,566	100.0%	\$181,851,317	100.0%	-3.1%	0.969

⇒ 5% of MSF accounts are schedule rated

⇒ 0.1% of MSF accounts have schedule rating beyond +/- 40%



State Agency Rate vs State Agency Loss Costs

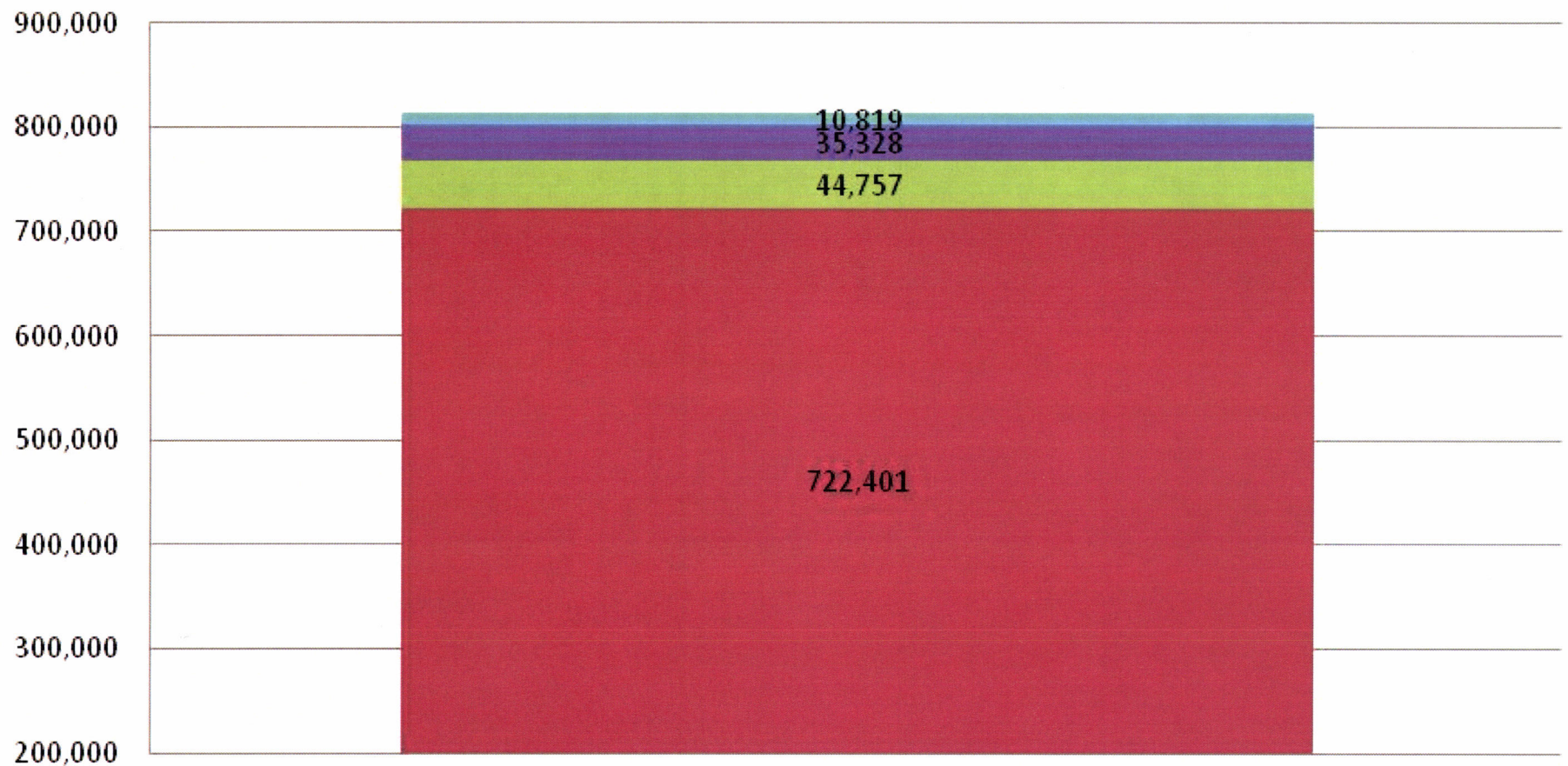


valued as of 12/31/2009

■ State Agency Rates ● State Agency Losses (per \$100 payroll)

Loss and LAE Reserves - MSF for FY 2009

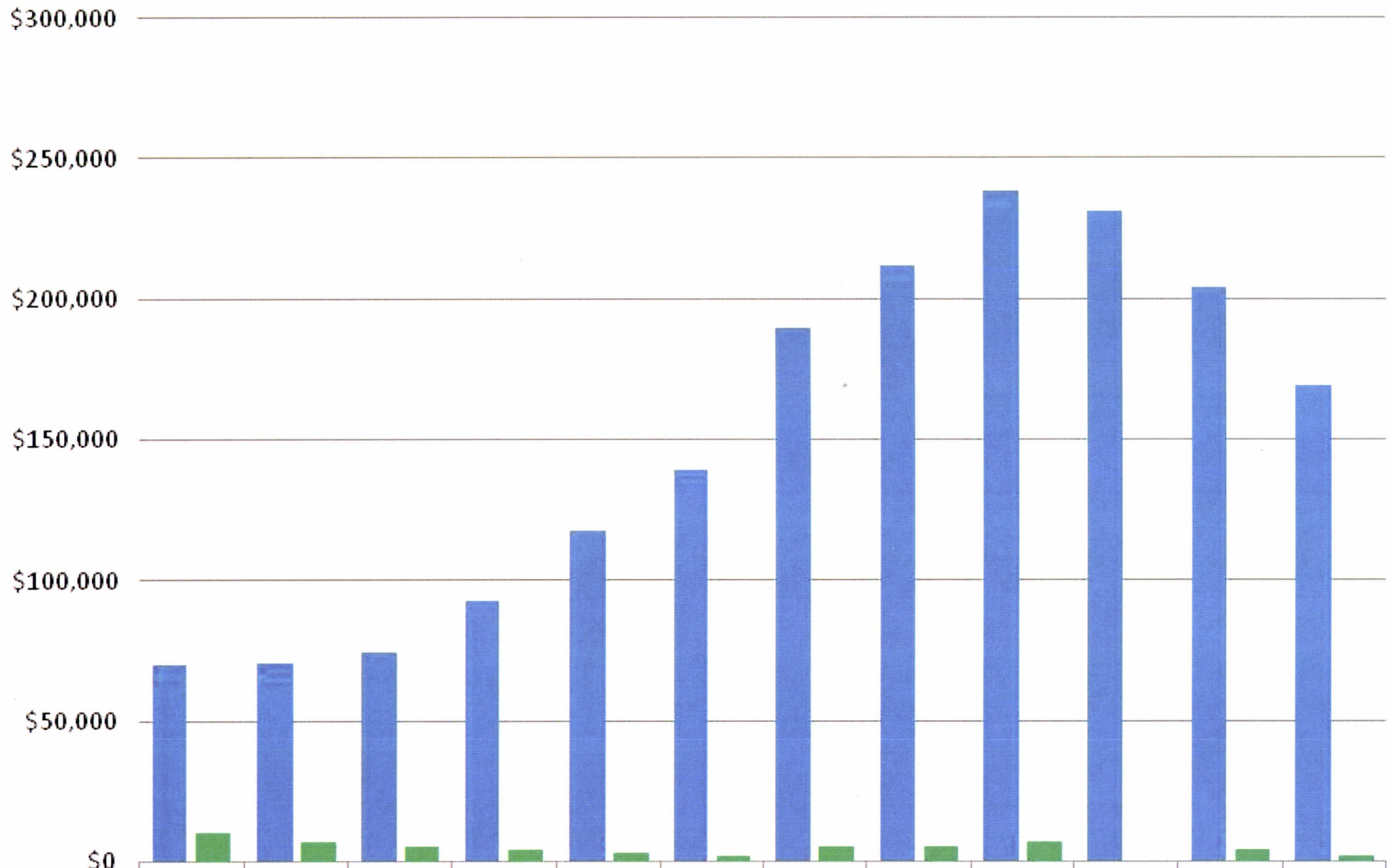
\$813,304,713



FY 2009 (in 000s)

- Adjusted Loss and LAE
- Indemnity Discounting Impact
- Reserve Strengthening Impact (Loss and LAE)
- Court Contingencies (Loss and LAE)

MSF Dividend History (in 000s)

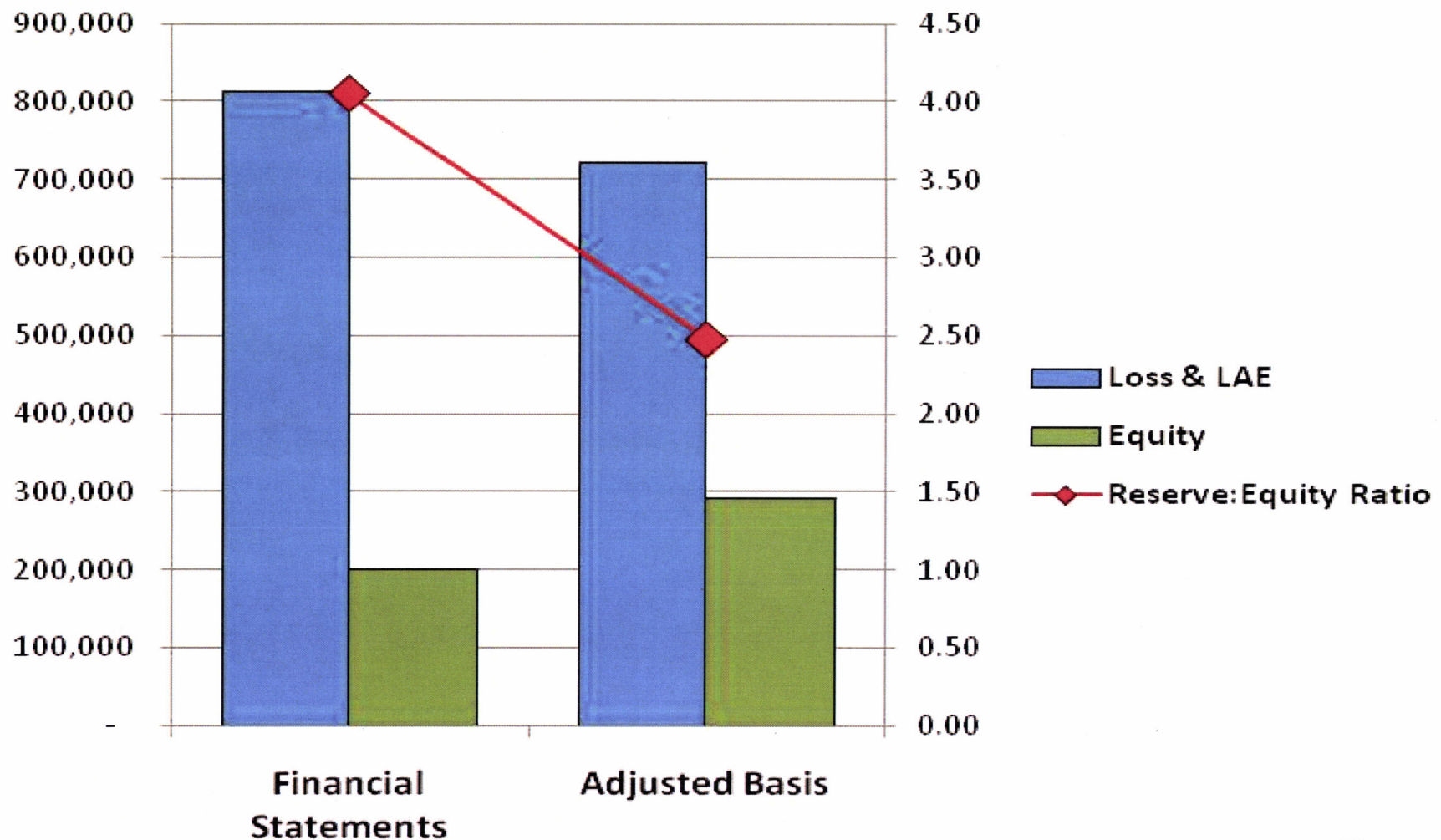


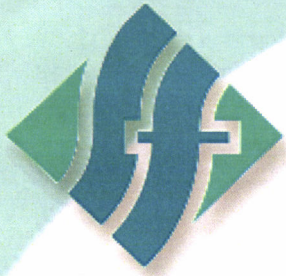
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Fiscal Year Premium	\$70,170	\$70,657	\$74,510	\$92,972	\$117,777	\$139,361	\$189,379	\$211,892	\$238,203	\$230,965	\$203,976	\$169,197
Total Dividend Amount	\$9,992	\$6,951	\$4,995	\$4,001	\$2,950	\$1,997	\$5,004	\$5,001	\$7,001	\$0	\$4,002	\$2,001

■ Fiscal Year Premium ■ Total Dividend Amount



Financial Statement vs Adjusted Reserves Loss Reserve to Equity - MSF FY 2009





Comparative Rate Changes State Agencies vs. MUS

Net Rate Change from 2000 to 2009

(State Agency net rates increased 95% as compared to 138% for the University System)

State Agency Change From 2000 to 2009

Policy Year	Net Premium	Payroll	Net Rate	Change from 2000
2009	18,197,621	587,031,190	\$ 3.10	95%
2000	5,562,964	350,731,604	\$ 1.59	0%

University System Change From 2000 to 2009

Net Premium	Payroll	Net Rate	Change from 2000
5,315,418	383,268,588	\$ 1.39	138%
1,436,484	246,058,498	\$ 0.58	0%

*PY2009 retrospective rating return of \$600,000 is an estimate and is subject to significant change.

Approved Assigned Risk Programs

State	Filing Effective Date	ARAP	LSRP	MERIT RATING	DIFFERENTIAL/ SURCHARGE	REMOVAL OF PREMIUM DISCOUNTS	TAKE-OUT CREDIT PROGRAM
Alabama	3/1/2010	-	-	-	49.5%	-	-
Alaska	1/1/2009	N/A	N/A	N/A	25% is applied in excess of \$3000 of the modified premium on assigned risk policies	-	-
Arizona	10/1/2006	N/A	N/A	N/A	30%	N/A	N/A
Arkansas	7/1/2007	N/A	N/A	-	50%	-	-
Connecticut	1/1/2010	-	-	N/A	25%	N/A	-
District of Columbia	11/1/2009	-	-	N/A	30%	-	-
Georgia	7/1/2009	N/A	-	-	65.1%	-	-
Idaho	1/1/2010	-	N/A	N/A	50%	-	N/A
Illinois	1/1/2009	-	-	-	30%	-	-
Indiana	1/1/2010	N/A	-	N/A	25% for risks with premium over \$2500	-	-
Iowa	1/1/2008	-	N/A	N/A	20%	-	-
Kansas	1/1/2009	-	-	N/A	25% surcharge is applied on policies with premium in excess of \$2250. Impact of 1.169	-	-
Mississippi	3/1/2009	N/A	-	N/A	63.5%	-	-
Nevada	3/1/2009	-	-	N/A	30.0%	N/A	-
New Hampshire*	1/1/2010	-	-	N/A	18.0%	-	-
New Mexico	1/1/2010	-	N/A	N/A	67.2% differential and a 10% surcharge	Reduced Premium Discounts	-
North Carolina	4/1/2010	-	-	N/A	44.3%	-	-
Oregon†	1/1/2010	-	-	-	N/A	Reduced Premium Discounts	-
South Carolina	12/1/2006	-	-	N/A	41%	-	-
South Dakota	7/1/2008	-	-	-	30.0%	-	-
Vermont	4/1/2009	-	-	-	30.0%	-	-
Virginia	4/1/2009	-	N/A	N/A	No single differential	-	-

* Discounts are still allowed for risks with mods less than or equal to 1.50.
 † Oregon has SARAP (Simplified Assigned Risk Adjustment Program), not ARAP