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Letter of Comment No: /2—
File Reference: FSPAAGINVA

Date Received:

Federated

WORLD-CLASS INVESTMENT MANAGER

September 19, 2005

Mr. Lawrence Smith
Director of Technical Application and Implementation Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference FSP AAG INV-a, Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide

Dear Mr. Smith:

Federated Investment Counseling is a registered investment adviser which, with its affiliates, manages and advises stable value funds, mutual funds and other investment vehicles. On behalf of its clients and fund shareholders, Federated manages approximately \$213 billion, including \$2 billion in stable value funds. As a significant participant in the stable value market, Federated is please to provide comment on the above-referenced FSP.

Endorsement

Federated endorses the comment letter on this subject submitted by the Stable Value Industry Association ("SVIA"). Federated is substantially in accord with the comments and suggestions expressed in such letter. Nevertheless, we are submitting this letter to (1) highlight our serious reservations regarding the effective date of the FSP; and (2) encourage the FASB to provide additional clarification regarding the sensitivity analyses that would be required under section 11(e) of the FSP.

1. Effective Date

We are concerned that to comply with the FSP, and to provide the information contemplated therein, we would have to make significant enhancements to our current systems capabilities. We believe that such enhancements could take considerable time to effect. Consequently, we would recommend that the FASB defer the effective date of the FSP, such that the FSP is effective for financial statements for annual periods ending after December 15, 2006.

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2. Sensitivity analyses

We believe that the sensitivity analyses contemplated by current section 11(e) of the FSP would not provide investors with information that would allow them to make a meaningful comparison among stable value funds. Stable funds generally have varying reset dates, maintain different durations and invest in different types of underlying securities. We think that it is critically important that the sensitivity analyses be based on hypothetical increases and decreases in market yields. Similarly, and as noted in the SVIA letter, we strongly support the use of quarterly reset dates.

We appreciate the opportunity to discuss these important issues. If you have any questions, or would like additional information, please contact the Portfolio Manager of our stable value fund, Marian Marinack, at 412-288-6328.

Sincerely,

Deborah A. Cunningham

Chief Investment Officer