

JOHN SMITH
123 CENTRAL AVENUE
ANYTOWN, US 12345

ABC MANUFACTURING COMPANY
RETIREMENT SAVINGS PLAN

Account Summary

01/01/0000 - 03/31/0000

Balance on All Accounts (01/01/0000)	\$	17,084.41
Earnings Gain/Loss	\$	1,058.14
Contributions	\$	70.00
Distributions	\$	0.00
Other (See pages 4 & 5 for details)	\$	0.00
Balance on All Accounts (03/31/0000)	\$	18,212.55

Your Vested Balance

\$ 17,694.23

Message Board

COMPANY PICNIC: Please join us at the Pine Cone Pavilion in Thacher State Park on Saturday, August 18, for our annual company picnic. Activities begin at 11:00 and will continue until dusk. Burgers, dogs, and beverages are on the company. Please bring a salad or dessert if you're able. Swimming, softball, volleyball, and kids' events throughout the day.

LOOKING FOR A GREAT DEAL ON YOUR DOLLAR? Everyone likes to get a good deal. See how contributing to your retirement savings plan can be a good deal for you by reading the article on page 8 of your statement.

CHANGING YOUR PIN: If you want to change your PIN (Personal Identification Number), dial our participant access line (800-525-4237) and press option 5. Press option 4 for a lost or forgotten PIN.

SERVICE CENTER HOURS The Service Center hours are 8:00 a.m. to 8:00 p.m. Eastern Standard Time, Monday through Friday. Note that the Service Center will be closed on Presidents' Day, February 19th. Our voice response unit is available 24 hours a day, seven days a week. The phone number: 800-525-4237.

Investment Performance

For the period ending //

	Total Return		Annualized Total Return			Inception Date	Fund Objective
	7Day Yld*	Qtr.	1 Yr.	5 Yrs.	10 Yrs.		

Investment Options

FederatedAsia Pacific Growth Fund	NA	14.49%	11.68%	NA	0.45% *	02/27/1996	Growth
FederatedStock and Bond Fund, Inc.	NA	4.00%	5.34%	11.43%	11.60%	12/31/1968	Growth & Income
FederatedGrowth StrategiesFund	NA	4.30%	44.59%	27.01%	20.73%	08/23/1984	Growth
FederatedAggressive Growth Fund	NA	13.82%	40.11%	NA	27.91% *	11/25/1996	Growth
FederatedGlobal Equity Fund	NA	2.28%	29.78%	NA	27.39% *	10/27/1998	Growth
FederatedInternationalEquity Fund	NA	9.05%	27.01%	15.82%	12.03%	08/17/1984	Growth
FederatedAutomated Cash Mgmt Trust	6.09%	1.54%	5.74%	5.18%	4.82%	05/18/1982	Income
FederatedEmerging Markets Fund	NA	13.81%	2.81%	NA	2.06% *	02/28/1996	Growth

Mutual funds are not bank deposits or obligations, are not guaranteed by any bank, and are not insured or guaranteed by the FDIC, the Federal Reserve Board, or any other government agency. Investment in mutual funds involves risk, including possible loss of principal. Performance quoted is past performance and is not indicative of future results and does not reflect maximum sales charges which are waived for retirement plans. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Performance figures represent an investment made at the beginning of the reporting period. Results for investments made during the report period will differ. Performance information is taken from sources believed to be reliable, but is not guaranteed as to completeness or accuracy. Total return represents the change in the value of an investment after reinvesting all income and capital gains.

* If no one year, five year or ten year record is available, return is since inception.

For more complete information about any of these funds, please contact your plan administrator for a prospectus, which you should read carefully before investing.

The following footnotes may not necessarily apply to all investments offered in your plan:

An investment in money market funds is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although money market funds seek to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in these funds.

Small cap stocks have historically experienced greater volatility than average.

Lower rated bonds involve a higher degree of risk than investment grade bonds in return for higher yield potential.

Foreign investing involves special risks including currency risk, increased volatility of foreign securities, and differences in auditing and other financial standards.

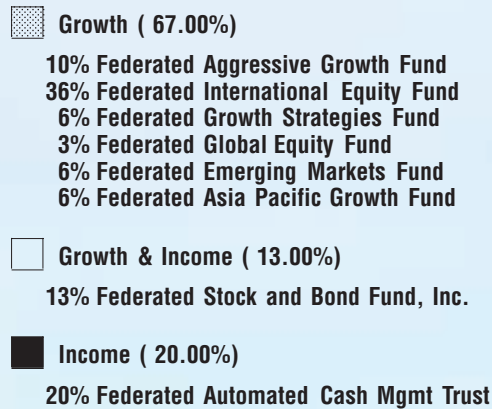
Federated Securities Corp., is the distributor of Federated funds.

+ Money market funds only.

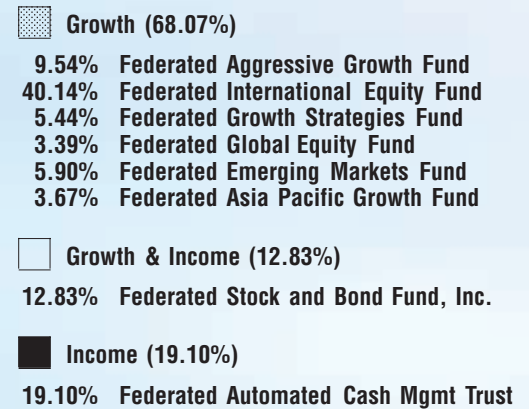
Allocation Analyzer

The information below indicates how your Salary Deferral is being invested (New Contribution Allocation) and the current value of your account (Existing Balance Allocation). Review your New Contribution Allocation to ensure these funds and investment categories still match your objectives. Also compare the Existing Balance Allocation to the New Contribution Allocation periodically to determine if your Existing Balance Allocation continues to reflect your objectives. Refer also to the full list of investment options offered by the plan sponsor. Loans are not taken into account by either allocation indicator.

New Contribution Allocation



Existing Balance Allocation



Source Summary

Source	Beg. Balance	Contributions	Gain/Loss	Distributions	Other	Total Balance	Vested %	Vested Amount
SALARY DEFERRAL	\$ 4,994.22	199.84	736.38	0.00	0.00	\$ 5,930.44	100%	\$ 5,930.44
EMPLOYER MATCH	\$ 8,142.00	163.79	64.16	0.00	0.00	\$ 8,369.95	100%	\$ 8,369.95
EMPLOYER CONTRIBUTION	\$ 14,549.64	0.00	933.94	0.00	210.33	\$ 15,693.91	100%	\$ 15,693.91
TOTAL	\$ 27,685.86					\$ 29,994.30		\$ 29,994.30

Summary Statement of Activity

Period Covered: 00/00/0000 - 00/00/0000

	Federated Automated Cash Mgmt Trust	Federated Aggressive Growth Fund	Federated International Equity Fund	Federated Growth Strategies Fund	Federated Stock and Bond Fund, Inc.	Federated Global Equity Fund	Federated Emerging Markets Fund	Federated Asia Pacific Growth Fund	Loan Fund	Total
JOHN SMITH										
Units - Start of Period	4170.4900	113.0886	879.7353	47.3439	98.05	36.1656	33.6477	54.7045		
Start of Period Unit Value	\$1.0000	\$18.40	\$18.30	\$22.77	\$28.08	\$18.30	\$34.69	\$10.66		
Units - End of Period	4325.1900	117.6765	311.5689	39.7646	20.1066	26.3399	30.3252	54.4715		
End of Period Unit Value	\$1.0000	\$18.36	\$29.18	\$30.97	\$37.13	\$29.18	\$44.06	\$15.24		
PRIOR BALANCE	\$ 4,170.49	\$ 2,080.83	\$ 7,731.28	\$ 1,078.02	\$ 2,753.13	\$ 661.83	\$ 1,167.24	\$ 583.15	\$ 7,459.89	\$ 27,685.86
CONTRIBUTIONS	73.70	36.86	132.69	19.66	49.12	12.28	19.66	19.66	0.00	363.63
FUND TRANSFERS	53.01	22.57	126.44	66.93	72.84	90.09	37.98	37.98	0.00	0.00
FORFEITURE	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
WITHDRAWAL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
LOAN ACTIVITY	66.00	33.00	118.75	17.61	44.00	11.00	17.59	17.59	115.21	210.33
FEES	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EARNINGS	68.01	12.72	982.42	49.29	132.51	173.58	169.62	171.77	0.00	1,734.48
ENDING BALANCE	\$ 4,325.19	\$ 2,160.54	\$ 9,091.58	\$ 1,231.51	\$ 2,905.92	\$ 768.60	\$ 1,336.13	\$ 830.15	\$ 7,344.68	\$ 29,994.30

Will Social Security Be There for You?

The debate about the future of the Social Security program really boils down to one important question: Can you count on receiving *your* benefits when the time comes to retire?

Longer Lifespans Are Raising Social Security's Cost

Year Reaching Age 65	Additional Life Expectancy	
	Male	Female
1940	12.7	14.7
1980	14.7	18.9
2020	17.5	20.6
2060	19.6	22.7

Source: Social Security Advisory Board, July 2001



Like all other federal government programs, the future of Social Security is in Congress' hands. And, although the specifics haven't been ironed out, some changes are likely. The following facts illustrate why future adjustments will be needed.

Pay-as-You-Go Benefits

Social Security has always been a pay-as-you-go program. The payroll taxes of working Americans and their employers pay for the benefits of those who are already retired. But life expectancies are increasing, and the number of Americans receiving benefits is growing faster than the number paying taxes. In 1960, for example, there were 5.1 workers for every retiree. Today, there are 3.4, and by 2030, there will be just 2.1. In the 1990s, 12.5% of Americans were age 65 or older. In the 2030s, this group will most likely represent 20.1% of the population.

Projected Shortfall

By 2016, the cost of Social Security benefits is expected to be greater than the amount of incoming taxes. By 2038, income may cover only 73% of benefits — a percentage that will most likely continue to shrink.

The Trust Fund

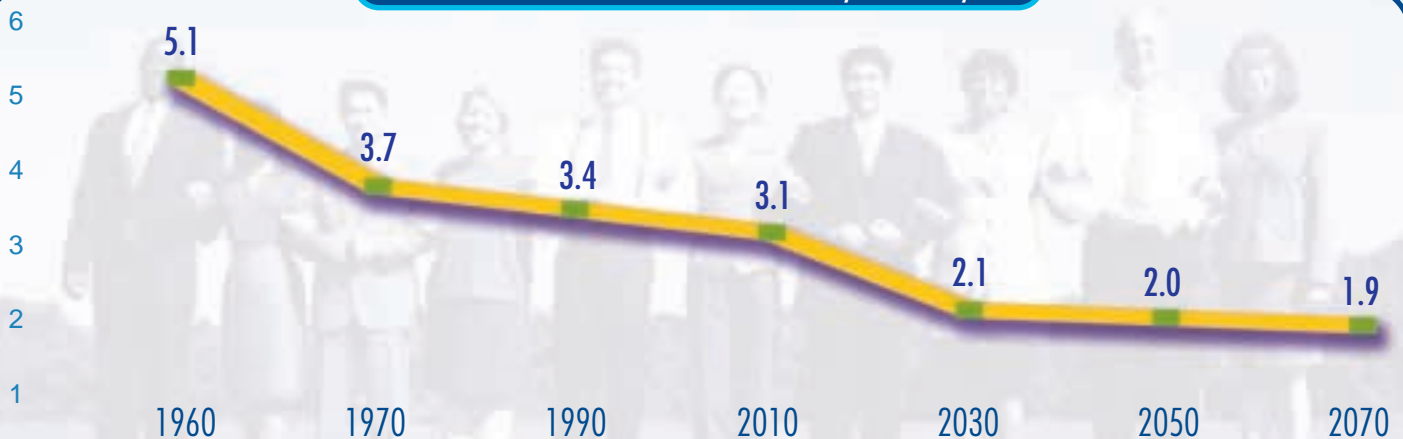
For years, more tax money has been collected than was needed to pay benefits. So, Social Security has a large surplus that is held in the *Social Security Trust Fund*. But there is no actual pile of cash waiting for retirees in a Washington vault. The entire fund is invested in Treasury securities. These are IOUs from the government that — starting in 2016 — will be needed to help pay for benefits. Where will the cash come from? Just like all other government spending, there are only two possible sources — *taxes or borrowing*.

Possible Solutions

While Social Security is not facing an immediate crisis, it does present a problem in need of a solution. What adjustments might Congress choose as Social Security taxes pay a shrinking share of benefit costs? The possibilities include: a cut in benefits, an increase in the eligibility age, higher taxes, a larger national debt, compensating reductions in other government spending, or some combination of these.

How does all of this affect you? You can't be certain of the amount of Social Security benefits you'll receive or when you'll be eligible. So, it makes sense to concentrate on increasing the retirement money you *know* is going to be there whenever you retire — your tax-deferred retirement plan account.

Number of Workers for Each Social Security Beneficiary



Source: Social Security Advisory Board, July 2001

Inside Plan Investment Choices

When you choose a portfolio or fund from your retirement plan's investment options, you need to know more than just its name — you need to know both *what* you are investing in and *why*.

What: Avoiding Duplication

Each of your plan's portfolios may hold one or more different investment types, such as growth stocks, value stocks, international stocks, bonds, or cash equivalent securities. If you become familiar with a portfolio's specific investments *before* you invest, you'll be able to fit the portfolio into the asset mix you plan for your account.



Keep Risk on Course

When you make your selections, you want to be certain that you don't choose portfolios with different names that actually consist of very similar securities. Duplicating investments without realizing it could shift the overall risk of your retirement plan account away from the level you desire and raise or lower your potential for long-term growth.

Watch Your Weights

You also want to watch your investment balance. For example, suppose you want to split your account's equity investments half in growth stocks and half in value stocks. If Portfolio A and Portfolio B *both* hold a mix of growth and value stocks and you invest in both funds, your account could be overweighted in one or the other type of stock unless you plan carefully.

Check for Changes

Also be aware that a portfolio's asset mix may shift while you own its shares or units. What if Portfolio C includes 60% stocks and 40% bonds when you invest in it and later the managers decide to adjust the asset mix to 75% stocks and 25% bonds? That could make your own mix of stocks and bonds different than you intended. Periodically, it's a good idea to recheck the specific investments of any mixed-asset portfolios that you've chosen for your account.

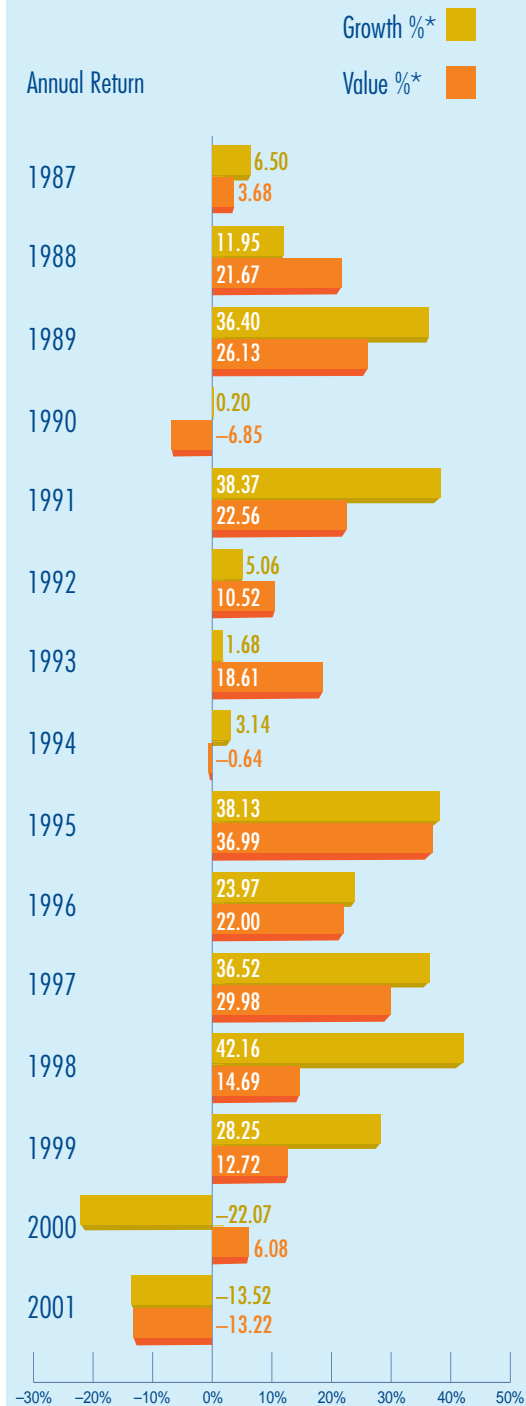
Why: Assuring Diversification

Diversification of the assets within an investment portfolio is a proven strategy for controlling its overall risk. To take advantage of diversification in your retirement plan account, you need to choose portfolios that invest in a range of security types, such as stocks, bonds, and cash equivalents.

When choosing your portfolios, take the time to get inside each of your plan's options by becoming familiar with its investments, performance history, and goals. You'll then have the facts to achieve the investment mix you've planned.

Growth Stocks vs. Value Stocks

Comparing Performance, 1987-2001



*Average annual total returns of the S&P/BARRA 500 Growth and S&P/BARRA 500 Value indices that measure the performance of the growth and value styles of investing among the stocks that are included in the S&P 500 index, an unmanaged index of the stocks of 500 major corporations.

Past performance is no guarantee of future results.

Source: BARRA, Inc. and NPI

Tax Law Changes Help You Contribute More

What's the best way to make your retirement savings grow faster? Contribute more of your pay to your tax-deferred plan account. Last year's federal tax law changes may make increasing your contributions easier.

New Saver's Credit

You may be eligible for an income-tax credit of up to \$1,000 that will reimburse you for part of the amount you contribute. *If you qualify*, this credit is a very good deal.

Here's how it works. On a contribution of up to \$2,000, you could get back 50%, 20%, or 10% when you file your tax return for 2002. Any credit amount you are eligible for is subtracted directly from the amount of federal income tax you owe, even if you don't itemize your deductions. Under present law, the new contribution credit will remain available through the 2006 tax year.

Will you qualify? That depends on your adjusted gross income and on your filing status. Check the chart below.

Higher Deferral Limits

If you can afford to make a large contribution, you may be able to take advantage of new higher deferral limits. This year, the maximum amount of pay that employees can defer to most retirement

savings plans is \$11,000 — \$500 more than in 2001. And the maximum will continue to increase in the future, as the chart below shows. Your plan may have different limits on contributions. Plus, additional “catch-up” contributions may be allowed if you are age 50 or older. Ask your plan administrator about the specific limits of your plan.

Lower Tax Rates

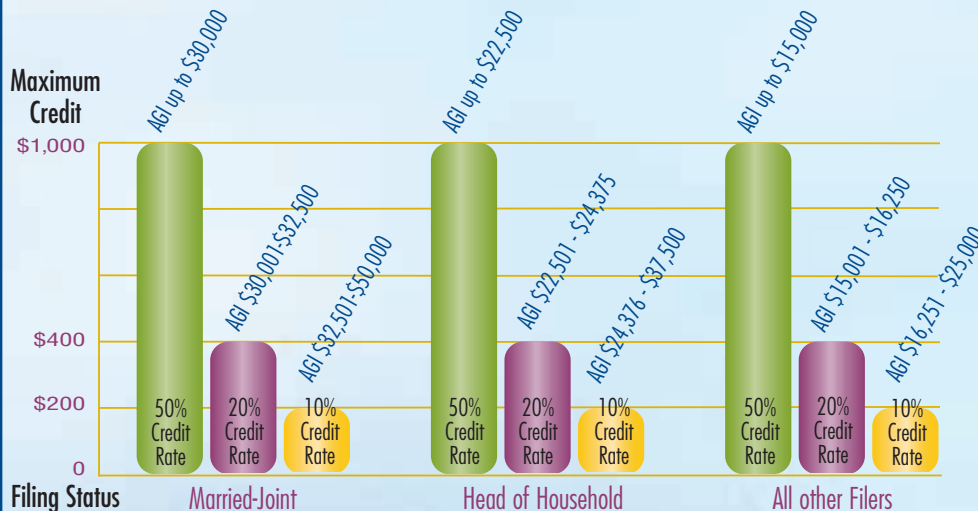
The reductions in income-tax rates that are already in effect — and those scheduled in the future — reduce withholding taxes, effectively increasing your net pay. That's another good opportunity. Think about adding some or all of any “raise” you get from the reduced withholding to your retirement plan contribution.

Long-term Results

The potential long-term benefit of increasing your contribution now may surprise you. For example, you could end up with almost \$61,000 *more* at retirement if you contribute an extra \$50 a month for the next 30 years and earn a hypothetical 7% average annual investment return compounded monthly. Your own experience will be different, but the benefit of compound growth over time is clear. Putting more into your retirement account *soon* may mean a lot more money when you retire.

Will You Qualify for a Saver's Credit?

Eligibility depends on your filing status and adjusted gross income (AGI).*
The maximum annual contribution eligible for a credit is \$2,000.



*Some limitations apply. See your tax professional for information regarding your specific situation.
Source: Internal Revenue Code and NPI

Increasing Deferral Limit*

2002	\$11,000
2003	\$12,000
2004	\$13,000
2005	\$14,000
2006**	\$15,000

*The maximum tax-deferred contribution participants may make. Your plan may have other limits on contributions.

**Adjusted for inflation in following years. Applies to 401(k), 403(b), SAR-SEP, and 457 plans.

Source: Economic Growth and Tax Relief Reconciliation Act of 2001