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WORLD UTILITY FUND
(A PORTFOLIO OF WORLD INVESTMENT SERIES, INC.)
CLASS A SHARES
PROSPECTUS

The Class A Shares of World Utility Fund (the "Fund") offered by this prospectus represent interests in the Fund, which is a diversified investment portfolio in World Investment Series, Inc. (the "Corporation"), an open-end, management investment company (a mutual fund).

The Fund's investment objective is to provide total return. The Fund invests primarily in securities issued by domestic and foreign companies in the utilities industries.

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT ENDORSED OR GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY. INVESTMENT IN THESE SHARES INVOLVES INVESTMENTS RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.

This prospectus contains the information you should read and know before you invest in Class A Shares of the Fund. Keep this prospectus for future reference.

The Fund has also filed a Combined Statement of Additional Information for Class A Shares and Fortress Shares dated April 15, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information or make inquiries about the Fund, contact your financial institution.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Prospectus dated April 15, 1994

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SUMMARY OF FUND EXPENSES

CLASS A SHARES
SHAREHOLDER TRANSACTION EXPENSES

<TABLE>		
<S>		<C>
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		4.50%
Maximum Sales Load Imposed on Reinvested Dividends (as a percentage of offering price)...		None
Contingent Deferred Sales Charge (as a percentage of original purchase price or redemption proceeds as applicable).....		None
Redemption Fee (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
ANNUAL CLASS A SHARES OPERATING EXPENSES*		
(As a percentage of projected average net assets)		
Management Fee (after waiver) (1).....		0.39%
12b-1 Fee.....		None
Total Other Expenses.....		0.60%
Shareholder Servicing Fee.....	0.25%	
Total Class A Shares Operating Expenses (2).....		0.99%
</TABLE>		

(1) The estimated management fee has been reduced to reflect the anticipated voluntary waiver of a portion of the management fee. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 1.00%.

(2) The Total Class A Shares Operating Expenses are estimated to be 1.60% absent the anticipated voluntary waiver of a portion of the management fee.

* TOTAL CLASS A SHARES OPERATING EXPENSES ARE ESTIMATED BASED ON AVERAGE EXPENSES EXPECTED TO BE INCURRED DURING THE PERIOD ENDING NOVEMBER 30, 1994. DURING THE COURSE OF THIS PERIOD, EXPENSES MAY BE MORE OR LESS THAN THE AVERAGE AMOUNT SHOWN.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF CLASS A SHARES OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "INVESTING IN CLASS A SHARES" AND "WORLD INVESTMENT SERIES, INC. INFORMATION." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

<TABLE>			
<CAPTION>			
	EXAMPLE	1 YEAR	3 YEARS
<S>		<C>	<C>
You would pay the following expenses on a \$1,000 investment assuming (1) 5% annual return and (2) redemption at the end of each time period.....		\$ 55	\$ 75
</TABLE>			

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. THIS EXAMPLE IS BASED ON ESTIMATED DATA FOR THE FUND'S FISCAL YEAR ENDING NOVEMBER 30, 1994.

The information set forth in the foregoing table and example relates only to Class A Shares of the Fund. The Fund also offers another class of shares called Fortress Shares. Class A Shares and Fortress Shares are subject to certain of the same expenses; however, Fortress Shares are subject to a maximum sales load of 1.00%, a contingent deferred sales charge of 1.00%, and a 12b-1 fee of 0.25%. See "Other Classes of Shares."

GENERAL INFORMATION

The Corporation was established as a corporation under the laws of the state of Maryland on January 25, 1994. The Corporation's address is Liberty Center, Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779. The Articles of Incorporation permit the Corporation to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. With respect to this Fund, as of the date of this prospectus, the Board of Directors ("Directors") have established two classes of shares, known as Class A Shares and Fortress Shares. This prospectus relates only to Class A Shares ("Shares") of the Corporation's portfolio known as World Utility Fund.

Shares of the Fund are designed to give institutions and individuals a convenient means of seeking total return without undue risk through a professionally managed, diversified portfolio comprised primarily of foreign and domestic utility securities. The Fund is not intended to provide a complete investment program for an investor. A minimum initial investment of \$500 is required, unless the investment is in a retirement account, in which case the minimum investment is \$50.

In general, Shares are sold at net asset value plus an applicable sales charge and are redeemed at net asset value. However, a contingent deferred sales charge is imposed on certain Shares. For a more complete description, see "Redeeming Class A Shares."

The Fund's current net asset value and offering price can be found in the mutual funds section of local newspapers under "Liberty Family Funds."

LIBERTY FAMILY OF FUNDS

This class of shares is a member of a family of mutual funds, collectively known as the Liberty Family of Funds. The other funds in the Liberty Family of Funds are:

AMERICAN LEADERS FUND, INC., providing growth of capital and income through high quality stocks;

CAPITAL GROWTH FUND (LIBERTY SHARES ONLY), providing appreciation of capital primarily through equity securities;

FUND FOR U.S. GOVERNMENT SECURITIES, INC., providing current income through long-term U.S. government securities;

INTERNATIONAL EQUITY FUND, providing long-term capital growth and income through international securities;

INTERNATIONAL INCOME FUND, providing a high level of current income consistent with prudent investment risk through high-quality debt securities denominated primarily in foreign currencies;

LIBERTY EQUITY INCOME FUND, INC., an equity fund investing primarily in stocks which have a history of regular dividends;

LIBERTY HIGH INCOME BOND FUND, INC., providing high current income through high-yielding, lower-rated, corporate bonds;

LIBERTY MUNICIPAL SECURITIES FUND, INC., providing a high level of current income exempt from federal regular income tax through municipal bonds;

LIBERTY U.S. GOVERNMENT MONEY MARKET TRUST, providing current income consistent with stability of principal through high-quality U.S. government securities;

LIBERTY UTILITY FUND, INC., providing current income and long-term growth of income, primarily through electric, gas, and communication utilities; and

TAX-FREE INSTRUMENTS TRUST, providing current income consistent with stability of principal and exempt from federal income tax, through high-quality, short-term municipal securities.

Prospectuses for these funds are available by writing to Federated Securities Corp.

Each of the funds may also invest in certain other types of securities as described in each fund's prospectus.

The Liberty Family of Funds provides flexibility and diversification for an investor's long-term investment planning. It enables an investor to meet the challenges of changing market conditions by offering convenient exchange privileges which give access to various investment vehicles and by providing the

investment services of proven, professional investment advisers.

Shareholders of Class A Shares participating in the Liberty Account are designated as Liberty Life Members. Liberty Life Members are exempt from sales charges on future purchases in and exchanges between the Class A Shares of any funds in the Liberty Family of Funds, as long as they maintain a \$500 balance in one of the Liberty Funds.

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide total return. The investment objective may be changed by the Directors without the approval of shareholders. Shareholders will be notified in writing at least 30 days prior to any change in the investment objective. Any such change may result in the Fund having an investment objective different from the investment objective which a shareholder considered appropriate at the time of investment in the Fund. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the policies described in this prospectus. Unless indicated otherwise, the policies may be changed by the Directors without the approval of shareholders. Shareholders will be notified before any material changes in these policies become effective.

INVESTMENT POLICIES

The Fund will seek to achieve its investment objective by investing at least 65% of its total assets in securities issued by domestic and foreign companies in the utilities industries. For these purposes, companies will be considered to be in the utilities industries if, in the opinion of Federated Management ("the Investment Adviser"), they are primarily engaged in the ownership or operation of facilities used to generate, transmit, or distribute electricity, telephone communications, cable and other pay television services, radio-telephone communications, gas, or water.

The Fund's portfolio will at all times include issuers located in at least three countries, although the Investment Adviser expects to invest in more than three countries. It is expected that, under normal circumstances, the assets of the Fund invested in U.S. securities will be higher than that invested in securities of any other single country. At times, the Fund may have more than 65% of its total assets invested in foreign securities.

The Fund may invest up to 35% of its total assets in securities of issuers that are outside the utilities industries. Such investments may consist of common stocks, debt securities, preferred stocks, or other securities issued by either U.S. or foreign companies, governments, or governmental instrumentalities. Some of these issuers may be in industries related to the utilities industries and, therefore, may be subject to similar considerations. The prices of fixed income securities fluctuate inversely in relation to the direction of interest rates. The prices of longer term bonds fluctuate more widely in response to market interest rate changes.

Debt obligations in the portfolio, at the time they are purchased, generally will be limited to those which fall in one of the following categories: (i) rated BBB or better by Standard & Poor's Corporation or Baa by Moody's Investors Service, Inc., or (ii) determined by the Investment Adviser to be of investment grade and not rated by either of the aforementioned rating services. However, the Fund may invest up to 35% of the value of its total assets in lower-rated convertible and non-convertible debt obligations that are not investment grade bonds, but are rated CCC or better by Standard & Poor's Corporation or Caa or better by Moody's Investors Service, Inc., or are not rated but are determined by the Fund's investment adviser to be of comparable quality. Securities rated BB, B and, CCC by Standard & Poor's Corporation or Ba, B, and Caa by Moody's Investors Service, Inc. either have speculative characteristics or are predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligations. Debt obligations that are not determined to be investment grade are high-yield high-risk bonds, typically subject to greater market fluctuations, and securities in the lowest rating category may be in danger of loss of income and principal due to an issuer's default. To a greater extent than investment grade bonds, the value of lower-rated bonds tends to reflect short-term corporate, economic and market developments, as well as investor perceptions of the issuer's credit quality. In addition, lower rated bonds may be more difficult to dispose of or to value than high-rated, lower-yielding bonds. The Investment Adviser attempts to reduce the risks described above through diversification of the portfolio and by credit analysis of each issuer as well as by monitoring broad economic trends and corporate and legislative developments. In the event the rating on an issue held in the Fund's portfolio is changed by the ratings services (or, for an unrated issue, in the determination of the Investment Adviser), such event will be considered by the Investment Adviser in its evaluation of the overall investment

merits of that security, but will not necessarily result in the automatic sale of the security. A description of the rating categories is contained in the Appendix to the Combined Statement of Additional Information.

For temporary defensive purposes and to maintain liquidity in anticipation of favorable investment opportunities, the Fund may invest in short-term money market instruments including securities of other investment companies, certificates of deposit, obligations issued or guaranteed by the United States government or its agencies or instrumentalities, commercial paper rated not lower than A-1 by Standard & Poor's Corporation, Prime-1 by Moody's Investors Service, Inc. or repurchase agreements.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The Fund will attempt to meet its investment objective by being at least 65% invested in securities issued by companies in the domestic and foreign utilities industries. There exist certain risks associated with the utilities industries and with foreign securities of which investors in the Fund should be aware.

CONSIDERATIONS OF UTILITY SECURITIES. There are certain risks and considerations affecting utility companies, and the holders of utility company securities, which an investor should take into account when investing in those securities. Factors which may adversely affect utility companies include: difficulty in financing large construction programs during inflationary periods; technological innovations which may cause existing plants, equipment, or products to become less competitive or obsolete; the impact of natural or man-made disasters (especially on regional utilities); increased costs or reductions in production due to the unavailability of appropriate types of fuel; seasonally or occasionally reduced availability or higher cost of natural gas; and reduced demand due to energy conservation among consumers. Furthermore, the revenues of domestic and foreign utility companies generally reflect the economic growth and developments in the geographic areas in which they do business.

In addition, most utility companies in the United States and in foreign countries are subject to government regulation. Generally, the purpose of such regulation is to ensure desirable levels of service and adequate capacity to meet public demand. To this end, prices are often regulated to enable consumers to obtain service at what is perceived to be a fair price, while attempting to provide utility companies with a rate of return sufficient to attract capital investment necessary for continued operation and necessary growth. Recently, utility regulators have permitted utilities to diversify outside of their original geographic regions and their traditional lines of business. While the Investment Adviser believes that these opportunities will permit certain utility companies to earn more than their traditional regulated rates of return, other companies may be forced to defend their core businesses and may be less profitable. Of course, there can be no assurance that all of the regulatory policies described in this paragraph will continue in the future.

In addition to the effects of regulation described in the previous paragraph, utility companies may also be adversely affected by the following regulatory considerations: the development and implementation of a national energy policy; the differences between regulatory policies of different jurisdictions (or different regulators which have concurrent jurisdiction); shifts in regulatory policies; adequacy of rate increases; and future regulatory legislation.

Foreign utility companies may encounter different risks and opportunities than those located in the United States. Foreign utility companies may be more heavily regulated than their United States counterparts. Many foreign utility companies currently use fuels which cause more pollution than fuels used by United States utilities; in the future, it may be necessary for such foreign utility companies to invest heavily in pollution control equipment or otherwise meet pollution restrictions. Rapid growth in certain foreign economies may encourage the growth of utility industries in those countries. Although many foreign utility companies are currently government-owned, the Investment Adviser believes that it is likely that some foreign governments will seek to "privatize" their utility companies, i.e., transfer ownership to private investors.

In addition to the foregoing considerations which affect most utility companies, there are specific considerations which affect specific utility industries:

ELECTRIC. The electric utility industry is made up of companies that are engaged in the generation, transmission, and sale of electric energy. Domestic electric utility companies have generally been favorably affected by lower fuel and financing costs and the completion of major construction programs. Some electric utilities are able to sell power outside of their traditional geographic areas. Electric utility companies have historically been subject to increases in fuel and other operating costs, high interest

costs on borrowings needed for capital construction programs, compliance with environmental and safety regulations, and changes in the regulatory climate.

In the United States, the construction and operation of nuclear power facilities is subject to a high degree of regulatory oversight by the Nuclear Regulatory Commission and state agencies with concurrent jurisdiction. In addition, the design, construction, licensing, and operation of nuclear power facilities have been subject to lengthy delays and unanticipated costs due to changes in regulatory policy, regional political actions, and lawsuits. Furthermore, during rate authorizations, utility regulators may disallow the inclusion in electric rates of the higher operating costs and capital expenditures resulting from these delays and unanticipated costs, including the costs of a nuclear facility which a utility company may never be able to use.

TELECOMMUNICATIONS. The telephone industry is large and highly concentrated. The greatest portion of this segment is comprised of companies which distribute telephone services and provide access to the telephone networks. While many telephone utility companies have diversified into other businesses in recent years, the profitability of telephone utility companies could be adversely affected by increasing competition, technological innovations, and other structural changes in the industry. Cable television companies are typically local monopolies, subject to scrutiny by both utility regulators and municipal governments. Emerging technologies and legislation encouraging local competition are combining to threaten these monopolies and may slow future growth rates of these companies. The radio telecommunications segment of this industry, including cellular telephone, is in its early developmental phases and is characterized by emerging, rapidly growing companies.

GAS. Gas transmission and distribution companies are undergoing significant changes. In the United States, the Federal Energy Regulatory Commission is reducing its regulation of interstate transmission of gas. While gas utility companies have in the recent past been adversely affected by disruptions in the oil industry, increased concentration, and increased competition, the Investment Adviser believes that environmental considerations should benefit the gas industry in the future.

WATER. Water utility companies purify, distribute, and sell water. This industry is highly fragmented because most of the water supplies are owned by local authorities. Water utility companies are generally mature and are experiencing little or no per capita volume growth. The Investment Adviser believes that favorable investment opportunities may result if anticipated consolidation and foreign participation in this industry occur.

The Fund occasionally takes advantage of the unusual opportunities for higher returns available from investing in developing countries. These investments, however, carry considerably more volatility and risk because they are associated with less mature economies and less stable political systems.

EXCHANGE RATES. Foreign securities are denominated in foreign currencies. Therefore, the value in U.S. dollars of the Fund's assets and income may be affected by changes in exchange rates and

regulations. Although the Fund values its assets daily in U.S. dollars, it will not convert its holding of foreign currencies to U.S. dollars daily. When the Fund converts its holdings to another currency, it may incur conversion costs. Foreign exchange dealers realize a profit on the difference between the prices at which they buy and sell currencies.

FOREIGN COMPANIES. Other differences between investing in foreign and U.S. companies include: less publicly available information about foreign companies; the lack of uniform financial accounting standards applicable to foreign companies; less readily available market quotations on foreign companies; differences in government regulation and supervision of foreign stock exchanges, brokers, listed companies, and banks; generally lower foreign stock market volume; the likelihood that foreign securities may be less liquid or more volatile; foreign brokerage commissions may be higher; unreliable mail service between countries; political or financial changes which adversely affect investments in some countries; and difficulties which may be encountered in obtaining or enforcing a court judgment abroad.

U.S. GOVERNMENT POLICIES. In the past, U.S. government policies have discouraged or restricted certain investments abroad by investors such as the Fund. Although the Fund is unaware of any current restrictions, investors are advised that these policies could be reinstated.

OTHER INVESTMENT PRACTICES

FOREIGN CURRENCY TRANSACTIONS. The Fund will enter into foreign currency transactions to obtain the necessary currencies to settle securities

transactions. Currency transactions may be conducted either on a spot or cash basis at prevailing rates or through forward foreign currency exchange contracts.

The Fund may also enter into foreign currency transactions to protect Fund assets against adverse changes in foreign currency exchange rates or exchange control regulations. Such changes could unfavorably affect the value of Fund assets which are denominated in foreign currencies, such as foreign securities or funds deposited in foreign banks, as measured in U.S. dollars. Although foreign currency transactions may be used by the Fund to protect against a decline in the value of one or more currencies, such efforts may also limit any potential gain that might result from a relative increase in the value of such currencies and might, in certain cases, result in losses to the Fund.

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS. A forward foreign currency exchange contract ("forward contract") is an obligation to purchase or sell an amount of a particular currency at a specific price and on a future date agreed upon by the parties.

Generally, no commission charges or deposits are involved. At the time the Fund enters into a forward contract, Fund assets with a value equal to the Fund's obligation under the forward contract are segregated on the Fund's records and are maintained until the contract has been settled. The Fund will generally enter into a forward contract to provide the proper currency to settle a securities transaction at the time the transaction occurs ("trade date"). The period between trade date and settlement date will vary between twenty-four hours and thirty days, depending upon local custom.

The Fund may also protect against the decline of a particular foreign currency by entering into a forward contract to sell an amount of that currency approximating the value of all or a portion of the Fund's assets denominated in that currency ("hedging"). The success of this type of short-term hedging strategy is highly uncertain due to the difficulties of predicting short-term currency market

movements and of precisely matching forward contract amounts and the constantly changing value of the securities involved. Although the Investment Adviser will consider the likelihood of changes in currency values when making investment decisions, the Investment Adviser believes that it is important to be able to enter into forward contracts when it believes the interests of the Fund will be served. The Fund will not enter into forward contracts for hedging purposes in a particular currency in an amount in excess of the Fund's assets denominated in that currency. No more than 30% of the Fund's assets will be committed to forward contracts for hedging purposes at any time. (This restriction does not include forward contracts entered into to settle securities transactions.)

REPURCHASE AGREEMENTS. Certain securities in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Fund may lend its portfolio securities to broker/dealers, banks, or other institutional borrowers of securities. The Fund will limit the amount of portfolio securities it may lend to not more than one-third of its total assets. The Fund will only enter into loan arrangements with broker/dealers, banks, or other institutions which the Investment Adviser has determined are creditworthy under guidelines established by the Fund's Board of Directors and will receive collateral in cash or United States government securities that will be maintained in an amount equal to at least 100% of the current market value of the securities loaned.

RESTRICTED AND ILLIQUID SECURITIES. The Fund may invest in restricted securities. Restricted securities are any securities in which the Fund may otherwise invest pursuant to its investment objective and policies but which are subject to restriction on resale under federal securities law. To the extent these securities are deemed to be illiquid, the Fund will limit its purchases together with other securities considered to be illiquid to 15% of its net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase securities on a when-issued or delayed delivery basis. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure may cause the Fund to miss a price or yield considered to be advantageous.

COVERED CALL OPTIONS. The Fund may also write call options on all or any portion of its portfolio to generate income for the Fund. Call options written

by the Fund give the holder the right to buy the underlying securities of the Fund at the stated exercise price. The Fund will write call options only on securities either held in its portfolio or for which it has the right to obtain without payment of further consideration or for which it has segregated cash in the amount of any additional consideration. The call options which the Fund writes and sells must be listed on a recognized options exchange. The Fund's investment in call options shall not exceed 5% of the Fund's total assets.

INVESTMENT LIMITATIONS

The Fund will not:

- with respect to 75% of its total assets, invest more than 5% of its total assets in the securities of any one issuer, except that this restriction does not apply to cash and cash items, repurchase agreements, and securities issued or guaranteed by the United States government or its agencies or instrumentalities, or acquire more than 10% of the outstanding voting securities of any one issuer;
- borrow money, issue senior securities, or pledge assets, except that under certain circumstances the Fund may borrow money and engage in reverse repurchase transactions in amounts up to one-third of the value of its total assets, including the amounts borrowed, and pledge up to 10% of the value of those assets to secure such borrowings.

The above investment limitations cannot be changed without shareholder approval. The following limitations, however, may be changed by the Directors without the approval of shareholders. Shareholders will be notified before any material change in this limitation becomes effective.

The Fund will not invest more than 25% of its total assets in securities of companies engaged principally in any one industry other than the utilities industry, except that this restriction does not apply to cash or cash items and securities issued or guaranteed by the United States government or its agencies or instrumentalities.

NET ASSET VALUE

The Fund's net asset value per Share fluctuates. The net asset value for Shares is determined by adding the interest of the Class A Shares in the market value of all securities and other assets of the Fund, subtracting the interest of the Class A Shares in the liabilities of the Fund and those attributable to the Class A Shares, and dividing the remainder by the number of Class A Shares outstanding. The net asset value for Class A Shares may differ from that of Fortress Shares due to the variance in daily net income realized by each class. Such variance will reflect only accrued net income to which the shareholders of a particular class are entitled.

INVESTING IN CLASS A SHARES

SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange is open. Shares may be purchased through a financial institution which has a sales agreement with the distributor or directly from the distributor, Federated Securities Corp. once an account has been established. In connection with the sale of Shares, Federated Securities Corp. may from time to time offer certain items of nominal value to any shareholder or investor. The Fund reserves the right to reject any purchase request.

THROUGH A FINANCIAL INSTITUTION. An investor may call his financial institution (such as a bank or an investment dealer) to place an order to purchase Shares. Orders through a financial institution are considered received when the Fund is notified of the purchase order. It is the financial institution's

responsibility to transmit orders promptly. Purchase orders through a registered broker/dealer must be received by the broker before 4:00 P.M. (Eastern time) and must be transmitted by the broker to the Fund before 5:00 P.M. (Eastern time) in order for Shares to be purchased at that day's price. Purchase orders through other financial institutions must be received by the financial institution and transmitted to the Fund before 4:00 P.M. (Eastern time) in order for Shares to be purchased at that day's price.

DIRECTLY BY MAIL. An investor may place an order to purchase Shares directly from the distributor once an account has been established. To do so, mail a check made payable to World Utility Fund - Class A Shares to Federated Services Company, c/o State Street Bank and Trust Company, P.O. Box 8604, Boston, MA 02266-8604.

Orders by mail are considered received after payment by check is converted by State Street Bank and Trust Company ("State Street Bank") into federal funds. This is generally the next business day after State Street Bank receives the check.

DIRECTLY BY WIRE. To purchase Shares directly from the distributor by wire once an account has been established, call the Fund. All information needed will be taken over the telephone, and the order is considered received when State Street Bank receives payment by wire. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts 02105; Attention: EDGEWIRE; For Credit to: World Utility Fund - Class A Shares; Fund Number (this number can be found on the account statement or by contacting the Fund); Group Number or Order Number; Nominee or Institution Name; ABA Number 011000028. Shares cannot be purchased by wire on Columbus Day, Veterans' Day, or Martin Luther King Day.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in Shares is \$500 unless the investment is in a retirement plan, in which case the minimum initial investment is \$50. Subsequent investments must be in amounts of at least \$100, except for retirement plans, which must be in amounts of at least \$50.

WHAT SHARES COST

Shares are sold at their net asset value next determined after an order is received, plus a sales charge as follows:

<TABLE>
<CAPTION>

AMOUNT OF TRANSACTION	SALES CHARGE AS A PERCENTAGE OF PUBLIC OFFERING PRICE	SALES CHARGE AS A PERCENTAGE OF NET AMOUNT INVESTED
<S>	<C>	<C>
Less than \$100,000.....	4.50%	4.71%
\$100,000 but less than \$250,000.....	3.75%	3.90%
\$250,000 but less than \$500,000.....	2.50%	2.56%
\$500,000 but less than \$750,000.....	2.00%	2.04%
\$750,000 but less than \$1 million.....	1.00%	1.01%
\$1 million or more.....	0.00%	0.00%

</TABLE>

The net asset value is determined at 4:00 P.M. (Eastern time) or at the close of the New York Stock Exchange, Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days

during which no Shares are tendered for redemption and no orders to purchase Shares are received; or (iii) the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Shareholders designated as Liberty Life Members are exempt from sales charges.

No sales charge is imposed for Shares purchased through bank trust departments or investment advisers registered under the Investment Advisers Act of 1940. In addition, certain institutions such as insurance companies and certain associations, are exempt from the sales charge for purchases of Shares. However, investors who purchase Shares through a trust department or investment adviser may be charged an additional service fee by that institution.

DEALER CONCESSION. For sales of Shares, a dealer will normally receive up to 90% of the applicable sales charge. Any portion of the sales charge which is not paid to a dealer will be retained by the distributor. However, the distributor, in its sole discretion, may uniformly offer to pay all dealers selling Shares, all or a portion the sales charge it normally retains or any other source available to it. Such additional payments, if accepted by the dealer, may be in the form of cash or promotional incentives, and will be predicated upon the amount of Shares or of the Liberty Family of Funds sold by the dealer.

The sales charge for Shares sold other than through registered broker/dealers will be retained by Federated Securities Corp. Federated Securities Corp. may pay fees to banks out of the sales charge in exchange for sales and/or administrative services performed on behalf of the bank's customers in connection with the initiation of customer accounts and purchases of Shares.

REDUCING OR ELIMINATING THE SALES CHARGE

The sales charge can be reduced on the purchase of Shares through:

- quantity discounts and accumulated purchases;

- signing a 13-month letter of intent;
- using the reinvestment privilege;
- purchases with proceeds from redemptions of unaffiliated mutual fund shares; or
- concurrent purchases.

QUANTITY DISCOUNTS AND ACCUMULATED PURCHASES. As shown in the table above, larger purchases reduce the sales charge paid. The Fund will combine purchases of Shares made on the same day by the investor, the investor's spouse, and the investor's children under age 21 when it calculates the sales charge. In addition, the sales charge, if applicable, is reduced for purchases made at one time by a trustee or fiduciary for a single trust estate or a single fiduciary account.

If an additional purchase of Shares is made, the Fund will consider the previous purchases still invested in the Fund. For example, if a shareholder already owns Shares having a current value at the public offering price of \$90,000 and he purchases \$10,000 more at the current public offering price, the sales charge on the additional purchase according to the schedule now in effect would be 3.75%, not 4.50%.

To receive the sales charge reduction, Federated Securities Corp. must be notified by the shareholder in writing or by his financial institution at the time the purchase is made that Shares are already owned or

that purchases are being combined. The Fund will reduce the sales charge after it confirms the purchases.

LETTER OF INTENT. If a shareholder intends to purchase at least \$100,000 of shares of Funds in the Liberty Family of Funds over the next 13 months, the sales charge may be reduced by signing a letter of intent to that effect. This letter of intent includes a provision for a sales charge adjustment depending on the amount actually purchased within the 13-month period and a provision for the custodian to hold 4.5% of the total amount intended to be purchased in escrow (in Shares) until such purchase is completed.

The 4.5% held in escrow will be applied to the shareholder's account at the end of the 13-month period unless the amount specified in the letter of intent is not purchased. In this event, an appropriate number of escrowed Shares may be redeemed in order to realize the difference in the sales charge.

This letter of intent will not obligate the shareholder to purchase Shares, but if he does, each purchase during the period will be at the sales charge applicable to the total amount intended to be purchased. This letter may be dated as of a prior date to include any purchases made within the past 90 days toward the dollar fulfillment of the letter of intent. Prior trade prices will not be adjusted.

REINVESTMENT PRIVILEGE. If Shares in the Fund have been redeemed, the shareholder has a one-time right, within 120 days, to reinvest the redemption proceeds at the next-determined net asset value without any sales charge. Federated Securities Corp. must be notified by the shareholder in writing or by his financial institution of the reinvestment in order to eliminate a sales charge. If the shareholder redeems his Shares in the Fund, there may be tax consequences.

PURCHASES WITH PROCEEDS FROM REDEMPTIONS OF UNAFFILIATED MUTUAL FUND SHARES.

Investors may purchase Shares at net asset value, without a sales charge, with the proceeds from the redemption of shares of a mutual fund which was sold with a sales charge or commission and was not distributed by Federated Securities Corp. (This does not include shares which were or would be subject to a contingent deferred sales charge upon redemption.) The purchase must be made within 60 days of the redemption, and Federated Securities Corp. must be notified by the investor in writing, or by his financial institution, at the time the purchase is made.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge reduction, a shareholder has the privilege of combining concurrent purchases of two or more funds in the Liberty Family of Funds, the purchase price of which includes a sales charge. For example, if a shareholder concurrently invested \$30,000 in one of the other Liberty Funds with a sales charge, and \$70,000 in this Fund, the sales charge would be reduced.

To receive this sales charge reduction, Federated Securities Corp. must be notified by the shareholder in writing or by his financial institution at the time the concurrent purchases are made. The Fund will reduce the sales charge after it confirms the purchases.

SYSTEMATIC INVESTMENT PROGRAM

Once a Fund account has been opened, shareholders may add to their investment on a regular basis in a minimum amount of \$100. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking account and invested in Shares at the net asset value next determined

after an order is received by State Street Bank, plus the applicable sales charge. A shareholder may apply for participation in this program through his financial institution or directly through the Fund.

EXCHANGING SECURITIES FOR FUND SHARES

Investors may exchange certain securities or a combination of securities and cash for Shares. The securities and any cash must have a market value of at least \$25,000. From time to time the Fund will prepare a list of securities which may be eligible for acceptance and furnish this list to brokers upon request. Securities accepted by the Fund are valued in the same manner as the Fund values its portfolio securities. Investors wishing to exchange securities should first contact their investment broker, who will contact Federated Securities Corp.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company maintains a Share account for each shareholder. Share certificates are not issued unless requested on the application or by contacting the Fund.

Detailed confirmations of each purchase and redemption are sent to each shareholder. Quarterly statements are sent to report dividends paid during the year.

DIVIDENDS AND DISTRIBUTIONS

Dividends are declared and paid quarterly to all shareholders invested in the Fund on the record date. Distributions of any net realized capital gains will be made at least once every twelve months. Dividends and distributions are automatically reinvested in additional Shares on the payment date, at the ex-dividend date net asset value without a sales charge, unless shareholders request cash payments on the new account form or by writing to the transfer agent. All shareholders on the record date are entitled to the dividend. If Shares are redeemed or exchanged prior to the record date or purchased after the record date, those Shares are not entitled to that quarter's dividend.

RETIREMENT PLANS

Shares of the Fund can be purchased as an investment for retirement plans or for IRA accounts. For further details, including prototype retirement plans, contact the Fund and consult a tax adviser.

EXCHANGE PRIVILEGE

Class A shareholders may exchange all or some of their Shares for Class A Shares in other funds in the Liberty Family of Funds. Shareholders of Class A Shares may also exchange into certain Federated Funds which are sold with a sales charge different from that of Shares or with no sales charge and which are advised by subsidiaries or affiliates of Federated Investors. These exchanges are made at net asset value plus the difference between Shares' sales charge already paid and any sales charge of the fund into which the Shares are to be exchanged, if higher. Neither the Fund nor any of the funds in the Liberty Family of Funds imposes any additional fees on exchanges.

REDUCED SALES CHARGE

If a shareholder making such an exchange qualifies for a reduction of the sales charge, Federated Securities Corp. must be notified in writing by the shareholder or by his financial institution.

REQUIREMENTS FOR EXCHANGE

Shareholders using this privilege must exchange Shares having a net asset value which at least meets the minimum investment required for the fund into which the exchange is being made. Before the exchange, the shareholder must receive a prospectus of the fund for which the exchange is being made.

This privilege is available to shareholders resident in any state in which the fund Shares being acquired may be sold. Upon receipt of proper instructions and

required supporting documents, Shares submitted for exchange are redeemed and the proceeds invested in Class A shares of the other fund. The exchange privilege may be modified or terminated at any time. Shareholders will be notified of the modification or termination of the exchange privilege.

Further information on the exchange privilege and prospectuses for the Liberty Family of Funds or certain Federated Funds are available by contacting the Fund.

TAX CONSEQUENCES

An exercise of the exchange privilege is treated as a sale for federal income tax purposes. Depending on the circumstances, a short-term or long-term capital gain or loss may be realized.

MAKING AN EXCHANGE

Instructions for exchanges for the Liberty Family of Funds and certain Federated Funds may be given in writing or by telephone. Telephone exchange instructions may be recorded. If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions. Written instructions may require a signature guarantee. Shareholders of the Fund may have difficulty in making exchanges by telephone through brokers and other financial institutions during times of drastic economic or market changes. If a shareholder cannot contact his broker or financial institution by telephone, it is recommended that an exchange request be made in writing and sent by overnight mail to Federated Services Company, Two Heritage Drive, North Quincy, Massachusetts 02171.

TELEPHONE INSTRUCTIONS. Shares may be exchanged between two funds by telephone only if the two funds have identical shareholder registrations.

Any Shares held in certificate form cannot be exchanged by telephone but must be forwarded to Federated Services Company, in care of State Street Bank and deposited to the shareholder's account before being exchanged. Telephone exchange instructions are recorded and will be binding upon the shareholder. Such instructions will be processed as of 4:00 P.M. (Eastern time) and must be received by State Street Bank before that time for Shares to be exchanged the same day. Shareholders exchanging into a fund will not receive any dividend that is payable to shareholders of record on that date. This privilege may be modified or terminated at any time.

REDEEMING CLASS A SHARES

The Fund redeems Shares at their net asset value next determined after State Street Bank receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemptions can be made through a financial institution or directly from the Fund by written request. Redemption requests must be received in proper form.

THROUGH A FINANCIAL INSTITUTION

A shareholder may redeem Shares by calling his financial institution (such as a bank or an investment dealer) to request the redemption. Shares will be redeemed at the net asset value next determined after the Fund receives the redemption request from the financial institution less any applicable contingent deferred sales charge. Redemption requests through a registered broker/dealer must be received by the broker before 4:00 P.M. (Eastern time) and must be transmitted by the broker to the Fund before 5:00 P.M. (Eastern time) in order for Shares to be redeemed at that day's net asset value. Redemption requests through other financial institutions must be received by the financial institution and transmitted to the Fund before 4:00 P.M. (Eastern time) in order for Shares to be redeemed at that day's net asset value. The financial institution is responsible for promptly submitting redemption requests and providing proper written redemption instructions to the Fund. The financial institution may charge customary fees and commissions for this service.

DIRECTLY FROM THE FUND

BY TELEPHONE. Shareholders who have not purchased through a financial institution may redeem their Shares by telephoning the Fund. The proceeds will be mailed to the shareholder's address of record or wire transferred to the shareholder's account at a domestic commercial bank that is a member of the Federal Reserve System, normally within one business day, but in no event longer than seven days after the request. The minimum amount for a wire transfer is \$1,000. If at any time the Fund shall determine it necessary to terminate or modify this method of redemption, shareholders would be promptly notified.

An authorization form permitting State Street Bank to accept telephone requests must first be completed. Authorization forms and information on this service are available from Federated Securities Corp. Telephone redemption instructions may

be recorded. If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, another method of redemption, such as redeeming by mail, should be considered.

BY MAIL. Any shareholder may redeem Shares by sending a written request to Federated Services Company, P.O. Box 8604, Boston, MA 02266-8604. The written request should include the shareholder's name, the Fund name and class of shares name, the account number, and the Share or dollar amount requested and should be signed exactly as the Shares are registered.

If Share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Fund for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Fund, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- a member of the New York, American, Boston, Midwest, or Pacific Stock Exchanges;
- a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its transfer agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its transfer agent reserve the right to amend these standards at any time without notice.

Normally, a check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive payments of a predetermined amount not less than \$100 may take advantage of the Systematic Withdrawal Program. Under this program, Shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder. Depending upon the amount of the withdrawal payments, the amount of dividends paid and capital gains distributions with respect to Shares, and the fluctuation of the net asset value of Shares redeemed under this program, redemptions may reduce, and eventually deplete, the shareholder's investment in Shares. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in Shares. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000. A shareholder may apply for participation in this program through his financial institution. Due to the fact that Shares are sold with a sales charge, it is not advisable for shareholders to be purchasing Shares while participating in this program.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem Shares in any account, except retirement plans, and pay the proceeds to the shareholder if the account balance falls below the required minimum value of \$500. This requirement does not apply, however, if the balance falls below \$500 because of changes in the Fund's net asset value.

Before Shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional Shares to meet the minimum requirement.

WORLD INVESTMENT SERIES, INC. INFORMATION

MANAGEMENT OF THE CORPORATION

BOARD OF DIRECTORS. The Corporation is managed by a Board of Directors. The Directors are responsible for managing the Corporation's business affairs and for exercising all the Corporation's powers except those reserved for the shareholders. An Executive Committee of the Board of Directors handles the Board's responsibilities between meetings of the Board.

OFFICERS AND DIRECTORS. Officers and Directors are listed with their addresses, principal occupations and present positions, including any affiliation with Federated Investors, Federated Management, Federated Securities Corp., Federated Administrative Services, and the Funds described in the Statement of Additional Information.

<TABLE>

<CAPTION>

NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
John F. Donahue+* Federated Investors Tower Pittsburgh, PA	Chairman and Director	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, Aetna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice-President of the Corporation.
John T. Conroy, Jr. Wood/IPC Commercial Department and Associates, Inc., Realtors 3255 Tamiami Trail North Naples, FL	Director	President, Investment Properties Corporation; Senior Vice-President, John R. Wood and Associates, Inc., Realtors; President, Northgate Village Development Corporation; John R. Wood Partner or Trustee in private real estate ventures in Southwest Florida; Director, Trustee, or Managing General Partner of the Funds; formerly, President, Naples Property Management, Inc.
William J. Copeland One PNC Plaza 23rd Floor Pittsburgh, PA	Director	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman and Director, PNC Bank, N.A. and PNC Financial Corp and Director, Ryan Homes, Inc.

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<CAPTION>

NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
James E. Dowd 571 Hayward Mill Road Concord, MA	Director	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111	Director	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee University of Pittsburgh; Director Trustee, or Managing General Partner of the Funds.
Edward L. Flaherty, Jr.+ 5916 Penn Mall Pittsburgh, PA	Director	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
Peter E. Madden 225 Franklin Street Boston, MA	Director	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust Company and State Street Boston Corporation and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Director	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.

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<CAPTION>

NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh	Director	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace, RAND Corporation, Online Computer Library Center, Inc., and U.S. Space Foundation; Chairman, National Advisory Council

Pittsburgh, PA

for Environmental Policy and Technology; Chairman, Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; President Emeritus, University of Pittsburgh; formerly, Chairman, National Advisory Council for Environmental Policy and Technology.

Marjorie P. Smuts
4905 Bayard Street
Pittsburgh, PA

Director

Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.

Richard B. Fisher
Federated Investors
Tower
Pittsburgh, PA

President and
Director

Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.

J. Christopher Donahue
Federated Investors
Tower

Vice President

President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management and Federated Research; President and Director, Federated Administrative Services; President or Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Director of the Corporation.

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<CAPTION>

NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	Vice President and Treasurer	Vice President, Treasurer, and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Chairman, Treasurer, and Director, Federated Administrative Services. Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.
John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary, and Trustee, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Secretary, and Director, Federated Administrative Services; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Vice President of the Funds, Director, Trustee, or Managing General Partner of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.

</TABLE>

* This Director is deemed to be an "interested person" of the Corporation as defined in the Investment Company Act of 1940.

+ Members of the Corporation's Executive Committee. The Executive Committee of the Board of Directors handles the responsibilities of the Board of Directors between meetings of the Board.

Officers and Directors own less than 1% of the Fund's outstanding shares.

INVESTMENT ADVISER. Under the terms of an Advisory Agreement between the Corporation and Federated Management, Federated Management will furnish to the Fund such investment advice, statistical and other factual information as may from time to time be reasonably requested by the Fund.

ADVISORY FEES. The Fund's adviser receives an annual investment advisory fee equal to 1.00% of average daily net assets of the Fund. The fee paid by the Fund, while higher than the advisory fee paid by other mutual funds in general, is comparable to fees paid by other mutual funds with similar objectives and policies. The adviser may voluntarily choose to waive a portion of its fee or reimburse the Fund for certain operating expenses. The adviser can terminate this voluntary reimbursement of expenses at any time at its sole discretion. The adviser has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

ADVISER'S BACKGROUND. Federated Management, a Delaware business trust organized on April 11, 1989, is a registered investment adviser under the Investment Advisers Act of 1940. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a

trust, the trustees of which are John F. Donahue, Chairman and Trustee of Federated Investors, Mr. Donahue's wife, and Mr. Donahue's son, J. Christopher Donahue, who is President and Trustee of Federated Investors.

Federated Management and other subsidiaries of Federated Investors serve as investment advisers to a number of investment companies and private accounts with combined assets of approximately \$75 billion. Federated Investors, which was founded in 1956 as Federated Investors, Inc., develops and manages mutual funds primarily for the financial industry. Federated Investors' track record of competitive performance and its disciplined, risk-averse investment philosophy serve approximately 3,500 client institutions nationwide. Through these same client institutions, individual shareholders also have access to this same level of investment expertise.

Christopher H. Wiles has been the Fund's portfolio manager since its inception. Mr. Wiles joined Federated Investors in 1990 and has been a Vice President of the Investment Adviser since 1992. Mr. Wiles served as Assistant Vice President of the Investment Adviser from 1990 until 1992. Mr. Wiles was a portfolio manager at Mellon Bank from 1986 until 1990. Mr. Wiles is a Chartered Financial Analyst and received his M.B.A. in Finance from Cleveland State University.

DISTRIBUTION OF CLASS A SHARES

Federated Securities Corp. is the principal distributor for Shares. Federated Securities Corp. is located at Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779. It is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

OTHER PAYMENTS TO FINANCIAL INSTITUTIONS. In addition to periodic payments to financial institutions under the Shareholder Services Plan, certain financial institutions may be compensated by the adviser or its affiliates for the continuing investment of customers' assets in certain funds, including the Fund, advised by those entities. These payments will be made directly by the distributor or adviser from their assets, and will not be made from the assets of the Fund by the assessment of a sales charge on Shares.

ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services (including certain legal and financial reporting services) necessary to operate the Fund. Federated Administrative Services provides these at an annual

rate which relates to the average aggregate daily net assets of all funds advised by subsidiaries of Federated Investors ("Federated Funds") as specified below:

<TABLE> <CAPTION>	
MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE FEDERATED FUNDS
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<S>	<C>
0.15 of 1%	on the first \$250 million
0.125 of 1%	on the next \$250 million
0.10 of 1%	on the next \$250 million
0.075 of 1%	on assets in excess of \$750 million

The administrative fee received during any fiscal year shall be at least \$125,000 per portfolio and \$30,000 per each additional class of shares. Federated Administrative Services may choose voluntarily to waive a portion of its fee.

SHAREHOLDER SERVICES PLAN. The Fund has adopted a Shareholder Services Plan (the "Services Plan") under which it may make payments up to 0.25 of 1% of the average daily net asset value of Shares to obtain certain personal services for shareholders and the maintenance of shareholder accounts ("shareholder services"). The Fund has entered into a Shareholder Services Agreement with Federated Shareholder Services, a subsidiary of Federated Investors, under which Federated Shareholder Services will either perform shareholder services directly or will select Financial Institutions to perform shareholder services. Financial Institutions will receive fees based upon shares owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the Fund and Federated Shareholder Services.

The Glass-Steagall Act limits the ability of a depository institution (such as a commercial bank or a savings and loan association) to become an underwriter or

distributor of securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Board of Directors will consider appropriate changes in the administrative services.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

CUSTODIAN. State Street Bank and Trust Company, P.O. Box 8604, Boston, Massachusetts 02266-8604, is custodian for the securities and cash of the Fund. Foreign instruments purchased by the Fund are held by foreign banks participating in a network coordinated by State Street Bank.

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779, is transfer agent for Shares and dividend disbursing agent for the Fund.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania 15222, and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, D.C. 20037.

INDEPENDENT AUDITORS. The independent auditors for the Fund are Ernst & Young, One Oxford Centre, Pittsburgh, Pennsylvania 15219.

BROKERAGE TRANSACTIONS

When selecting brokers and dealers to handle the purchase and sale of portfolio instruments, the Investment Adviser looks for prompt execution of the order at a favorable price. In working with dealers, the adviser will generally utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. In selecting among firms believed to meet this criteria, the adviser may give consideration to those firms which have sold or are selling Shares of the Fund and other funds distributed by Federated Securities Corp. The adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the Board of Directors.

EXPENSES OF THE FUND AND CLASS A SHARES

Holders of each class of shares pay their allocable portion of Fund and Corporation expenses.

The Corporation expenses for which holders of Shares pay their allocable portion include, but are not limited to: the cost of organizing the Corporation and continuing its existence; registering the Corporation with federal and state securities authorities; Directors' fees; auditors' fees; the cost of meetings of Directors; legal fees of the Corporation; association membership dues; and such non-recurring and extraordinary items as may arise from time to time.

The Fund expenses for which holders of Shares pay their allocable portion include, but are not limited to: registering the Fund and Shares of the Fund; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise from time to time.

At present, the only expenses which are allocated specifically to Shares as a class are expenses under the Services Plan. However, the Directors reserve the right to allocate certain other expenses to holders of Shares as it deems appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: distribution fees; transfer agent fees as identified by the transfer agent as attributable to holders of Shares; fees under the Services Plan; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Shares; legal fees relating solely to Shares; and Directors' fees incurred as a result of issues relating solely to Shares.

SHAREHOLDER INFORMATION

VOTING RIGHTS

Each Share gives the shareholder one vote in Director elections and other matters submitted to shareholders for vote. All shares of each portfolio or class in the Corporation have equal voting rights,

except that only shares of that particular Fund or class are entitled to vote in matters affecting that Fund or class.

As a Maryland corporation, the Corporation is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Fund's operation and for the election of Directors under certain circumstances.

Directors may be removed by a two-thirds vote of the number of Directors prior to such removal or by a two-thirds vote of the shareholders at a special meeting. The Directors shall call a Special Meeting of Shareholders upon the written request of shareholders owning at least 10% of the Corporation's outstanding shares entitled to vote.

TAX INFORMATION

FEDERAL INCOME TAX

The Fund will pay no federal income tax because it expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. However, the Fund may invest in the stock of certain foreign corporations which would constitute a Passive Foreign Investment Company (PFIC). Federal income taxes may be imposed on the Fund upon disposition of PFIC investments.

The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Corporation's other portfolios, if any, will not be combined for tax purposes with those realized by the Fund.

Investment income received by the Fund from sources within foreign countries may be subject to foreign taxes withheld at the source. The United States has entered into tax treaties with many foreign countries that entitle the Fund to reduced tax rates or exemptions on this income. The effective rate of foreign tax cannot be predicted since the amount of Fund assets to be invested within various countries is unknown. However, the Fund intends to operate so as to qualify for treaty-reduced tax rates where applicable.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions, including capital gains distributions, received. This applies whether dividends and distributions are received in cash or as additional Shares.

If more than 50% of the value of the Fund's assets at the end of the tax year is represented by stock or securities of foreign corporations, the Fund intends to qualify for certain Internal Revenue Code stipulations that would allow shareholders to claim a foreign tax credit or deduction on their U.S. income tax returns. The Internal Revenue Code may limit a shareholder's ability to claim a foreign tax credit. Furthermore, shareholders who elect to deduct their portion of the Fund's foreign taxes rather than take the foreign tax credit must itemize deductions on their income tax returns.

PENNSYLVANIA CORPORATE AND PERSONAL PROPERTY TAXES

In the opinion of Houston, Houston & Donnelly, counsel to the Fund:

- the Fund is subject to the Pennsylvania corporate franchise tax; and
- Fund Shares are exempt from personal property taxes imposed by counties, municipalities, and school districts in Pennsylvania.

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

Fortress Shares, the other class of shares offered by the Fund, are sold primarily to customers of financial institutions with an initial sales charge of 1.00%. Fortress Shares are distributed pursuant to a Rule 12b-1 Plan adopted by the Fund whereby the distributor is paid a fee of up to .25 of 1% and a shareholder servicing fee of .25 of 1% of the Fortress Shares' average daily net assets. Fortress Shares are subject to a contingent deferred sales charge of up to 1.00% under certain circumstances. Investments in Fortress Shares are subject to a minimum initial investment of \$1,500, unless the investment is in a retirement account, in which case the minimum investment is \$50.

The amount of dividends payable to Class A Shares will generally exceed that of Fortress Shares by the difference between Class Expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

From time to time the Fund advertises the total return for Class A Shares.

Total return represents the change, over a specified period of time, in the value of an investment in Shares after reinvesting all income and capital gain distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The performance information reflects the effect of the maximum sales load and other similar non-recurring charges which, if excluded, would increase the total return.

From time to time, the Fund may advertise the performance of Class A Shares using certain financial publications and/or compare its performance to certain indices.

Total return will be calculated separately for Class A Shares and Fortress Shares. Because Fortress Shares are subject to Rule 12b-1 fees, the total return for Class A Shares, for the same period may exceed that of Fortress Shares.

WORLD UTILITY FUND
(A PORTFOLIO OF WORLD INVESTMENT SERIES, INC.)
STATEMENT OF ASSETS AND LIABILITIES
MARCH 17, 1994

<TABLE>	
<S>	<C>
ASSETS:	
-----	-----
Cash	\$100,000
-----	-----
LIABILITIES:	--
-----	-----
NET ASSETS for 10,000 Class A Shares of beneficial interest outstanding	\$100,000
-----	-----
NET ASSET VALUE, and Redemption Price Per Share: (\$100,000 / 10,000 Class A Shares of beneficial interest outstanding)	\$ 10.00
-----	-----
Computation of Offering Price: Offering Price per Class A Share (100/95.5 of \$10.00)*	\$ 10.47
-----	-----
</TABLE>	

* See "What Shares Cost" in the prospectus.

(1) World Investment Series, Inc. (the "Corporation") was established as a Maryland corporation under Articles of Incorporation dated January 25, 1994. The Corporation has had no operations since that date other than those relating to organizational matters, including the issuance on March 17, 1994 of 10,000 Class A Shares of the World Utility Fund at \$10.00 per share to Federated Administrative Services, the Administrator to the Fund. Expenses of organization incurred by the Corporation, \$35,000, were borne initially by the Administrator. The Corporation has agreed to reimburse the Administrator for organizational expenses initially borne by the Administrator during the five year period following the date the Corporation's registration statement first became effective.

REPORT OF ERNST & YOUNG, INDEPENDENT AUDITORS

To the Board of Trustees and Shareholders of
WORLD INVESTMENT SERIES, INC.:

We have audited the accompanying statement of assets and liabilities of World Utility Fund as of March 17, 1994. This statement of assets and liabilities is the responsibility of the Corporation's management. Our responsibility is to express an opinion on this statement of assets and liabilities based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of assets and liabilities is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of assets and

FORTRESS SHARES
PROSPECTUS

The Fortress Shares of World Utility Fund (the "Fund") offered by this prospectus represent interests in the Fund, which is a diversified investment portfolio in World Investment Series, Inc. (the "Corporation"), an open-end, management investment company (a mutual fund).

The Fund's investment objective is to provide total return. The Fund invests primarily in securities issued by domestic and foreign companies in the utilities industries.

THE SHARES OFFERED BY THIS PROSPECTUS ARE NOT DEPOSITS OR OBLIGATIONS OF ANY BANK, ARE NOT ENDORSED OR GUARANTEED BY ANY BANK, AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, THE FEDERAL RESERVE BOARD, OR ANY OTHER GOVERNMENT AGENCY. INVESTMENT IN THESE SHARES INVOLVES INVESTMENTS RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL.

This prospectus contains the information you should read and know before you invest in Fortress Shares of the Fund. Keep this prospectus for future reference.

The Fund has also filed a Combined Statement of Additional Information for Fortress Shares and Class A Shares dated April 15, 1994, with the Securities and Exchange Commission. The information contained in the Combined Statement of Additional Information is incorporated by reference into this prospectus. You may request a copy of the Combined Statement of Additional Information free of charge by calling 1-800-235-4669. To obtain other information or make inquiries about the Fund, contact your financial institution.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Prospectus dated April 15, 1994

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SUMMARY OF FUND EXPENSES	

<TABLE>		
<S>		<C>
	FORTRESS SHARES	
	SHAREHOLDER TRANSACTION EXPENSES	
Maximum Sales Load Imposed on Purchases (as a percentage of offering price).....		1.00%
Maximum Sales Load Imposed on Reinvested Dividends		
(as a percentage of offering price).....		None
Contingent Deferred Sales Charge (as a percentage of original		
purchase price or redemption proceeds, as applicable) (1).....		1.00%
Redemption Fee (as a percentage of amount redeemed, if applicable).....		None
Exchange Fee.....		None
	ANNUAL FORTRESS SHARES OPERATING EXPENSES*	
	(As a percentage of projected average net assets)	
Management Fee (after waiver) (2).....		0.39%
12b-1 Fee.....		0.25%
Total Other Expenses.....		0.60%
Shareholder Servicing Fee.....	0.25%	
Total Fortress Shares Operating Expenses (3).....		1.24%
</TABLE>		

(1) The contingent deferred sales charge assessed is 1.00% of the lesser of the original purchase price or the net asset value of shares redeemed within four years of their purchase date.

(2) The estimated management fee has been reduced to reflect the anticipated voluntary waiver of a portion of the management fee. The adviser can terminate this voluntary waiver at any time at its sole discretion. The maximum management fee is 1.00%.

(3) The Total Fortress Shares Operating Expenses are estimated to be 1.85% absent the anticipated voluntary waiver of a portion of the management fee.

* TOTAL FORTRESS SHARES OPERATING EXPENSES ARE ESTIMATED BASED ON AVERAGE EXPENSES EXPECTED TO BE INCURRED DURING THE PERIOD ENDING NOVEMBER 30, 1994. DURING THE COURSE OF THIS PERIOD, EXPENSES MAY BE MORE OR LESS THAN THE AVERAGE AMOUNT SHOWN.

THE PURPOSE OF THIS TABLE IS TO ASSIST AN INVESTOR IN UNDERSTANDING THE VARIOUS COSTS AND EXPENSES THAT A SHAREHOLDER OF FORTRESS SHARES OF THE FUND WILL BEAR, EITHER DIRECTLY OR INDIRECTLY. FOR MORE COMPLETE DESCRIPTIONS OF THE VARIOUS COSTS AND EXPENSES, SEE "INVESTING IN FORTRESS SHARES" AND "WORLD INVESTMENT SERIES, INC. INFORMATION." WIRE-TRANSFERRED REDEMPTIONS OF LESS THAN \$5,000 MAY BE SUBJECT TO ADDITIONAL FEES.

LONG-TERM SHAREHOLDERS MAY PAY MORE THAN THE ECONOMIC EQUIVALENT OF THE MAXIMUM FRONT-END SALES CHARGE PERMITTED UNDER THE RULES OF THE NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

<TABLE>			
<CAPTION>			
	EXAMPLE	1 year	3 years
		-----	-----
<S>		<C>	<C>
You would pay the following expenses on a \$1,000 investment assuming			
(1) 5% annual return and (2) redemption at the end of each time period.....		\$ 33	\$60
You would pay the following expenses on the same investment, assuming no			
redemption.....		\$ 23	\$49
</TABLE>			

THE ABOVE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. THIS EXAMPLE IS BASED ON ESTIMATED DATA FOR THE FUND'S FISCAL YEAR ENDING NOVEMBER 30, 1994.

The information set forth in the foregoing table and example relates only to Fortress Shares of the Fund. The Fund also offers another class of shares called Class A Shares. Fortress Shares and Class A Shares are subject to certain of the same expenses; however, Class A Shares are subject to a maximum sales load of 4.50%, but are not subject to a 12b-1 fee or a contingent deferred sales charge. See "Other Classes of Shares".

GENERAL INFORMATION

The Corporation was established as a corporation under the laws of the state of Maryland on January 25, 1994. The Corporation's address is Liberty Center, Federated Investors Tower, Pittsburgh, Pennsylvania 15222-3779. The Articles of Incorporation permit the Corporation to offer separate series of shares representing interests in separate portfolios of securities. The shares in any one portfolio may be offered in separate classes. With respect to this Fund, as of the date of this prospectus, the Board of Directors ("Directors") have

established two classes of shares, known as Fortress Shares and Class A Shares. This prospectus relates only to Fortress Shares ("Shares") of the Corporation's portfolio known as World Utility Fund.

Shares of the Fund are designed to give institutions and individuals a convenient means of seeking total return without undue risk through a professionally managed, diversified portfolio comprised primarily of foreign and domestic utility securities. The Fund is not intended to provide a complete investment program for an investor. A minimum initial investment of \$1,500 is required, unless the investment is in a retirement account, in which case the minimum investment is \$50.

In general, Shares are sold at net asset value plus an applicable sales charge and are redeemed at net asset value. However, a contingent deferred sales charge is imposed on Shares, other than Shares purchased through reinvestment of dividends, which are redeemed within one to four years of their purchase date. For a more complete description, see "Redeeming Fortress Shares."

FORTRESS INVESTMENT PROGRAM

This class of shares is a member of a family of funds, collectively known as the Fortress Investment Program. The other funds in the Program are:

AMERICAN LEADERS FUND, INC. (FORTRESS SHARES ONLY), providing growth of capital and income through high-quality stocks;

CALIFORNIA MUNICIPAL INCOME FUND (FORTRESS SHARES ONLY), providing current income exempt from federal regular income tax and California personal income taxes;

FORTRESS ADJUSTABLE RATE U.S. GOVERNMENT FUND, INC., providing current income consistent with lower volatility of principal through a diversified portfolio of adjustable and floating rate mortgage securities which are issued or guaranteed by the U.S. government, its agencies or instrumentalities;

FORTRESS BOND FUND, providing current income primarily through high-quality corporate debt;

FORTRESS MUNICIPAL INCOME FUND, providing a high level of current income generally exempt from federal regular income tax by investing primarily in a diversified portfolio of municipal bonds;

FORTRESS UTILITY FUND, providing high current income and moderate appreciation primarily through equity and debt securities of utility companies;

GOVERNMENT INCOME SECURITIES, INC., providing current income through long-term U.S. government securities;

LIBERTY EQUITY INCOME FUND, INC. (FORTRESS SHARES ONLY), an equity fund investing primarily in stocks which have a history of regular dividends;

LIMITED TERM FUND (FORTRESS SHARES ONLY), providing a high level of current income consistent with minimum fluctuation in principal value;

LIMITED TERM MUNICIPAL FUND (FORTRESS SHARES ONLY), providing a high level of current income which is exempt from federal regular income tax consistent with the preservation of capital;

MONEY MARKET MANAGEMENT, INC., providing current income consistent with stability of principal through high-quality money market instruments;

NEW YORK MUNICIPAL INCOME FUND (FORTRESS SHARES ONLY), providing current income exempt from federal regular income tax, New York personal income taxes, and New York City income taxes; and

OHIO MUNICIPAL INCOME FUND (FORTRESS SHARES ONLY), providing current income exempt from federal regular income tax and Ohio personal taxes.

STRATEGIC INCOME FUND (FORTRESS SHARES ONLY), a fund providing high current income through investing in domestic corporate debt obligations, U.S. government securities, and foreign government and corporate debt obligations.

Each of the funds may also invest in certain other types of securities as described in each fund's prospectus.

The Fortress Investment Program provides flexibility and diversification for investor's long-term investment planning. It enables an investor to meet the challenges of changing market conditions by offering convenient exchange

privileges which give access to various investment vehicles, and by providing the investment services of proven, professional investment advisers.

INVESTMENT INFORMATION

INVESTMENT OBJECTIVE

The investment objective of the Fund is to provide total return. The investment objective may be changed by the Directors without the approval of shareholders. Shareholders will be notified in writing at least 30 days prior to any change in the investment objective. Any such change may result in the Fund having an investment objective different from the investment objective which a shareholder considered appropriate at the time of investment in the Fund. While there is no assurance that the Fund will achieve its investment objective, it endeavors to do so by following the policies described in this prospectus. Unless indicated otherwise, the policies may be changed by the Directors without the approval of shareholders. Shareholders will be notified before any material changes in these policies become effective.

INVESTMENT POLICIES

The Fund will seek to achieve its investment objective by investing at least 65% of its total assets in securities issued by domestic and foreign companies in the utilities industries. For these purposes, companies will be considered to be in the utilities industries if, in the opinion of Federated Management ("the Investment Adviser"), they are primarily engaged in the ownership or operation of facilities used to generate, transmit, or distribute electricity, telephone communications, cable and other pay television services, radio-telephone communications, gas, or water.

The Fund's portfolio will at all times include issuers located in at least three countries, although the Investment Adviser expects to invest in more than three countries. It is expected that, under normal circumstances, the assets of the Fund invested in U.S. securities will be higher than that invested in securities of any other single country. At times, the Fund may have more than 65% of its total assets invested in foreign securities.

The Fund may invest up to 35% of its total assets in securities of issuers that are outside the utilities industries. Such investments may consist of common stocks, debt securities, preferred stocks, or other securities issued by either U.S. or foreign companies, governments, or governmental instrumentalities. Some of these issuers may be in industries related to the utilities industries and, therefore, may be subject to similar considerations. The prices of fixed income securities fluctuate inversely in relation to the direction of interest rates. The prices of longer term bonds fluctuate more widely in response to market interest rate changes.

Debt obligations in the portfolio, at the time they are purchased, generally will be limited to those which fall in one of the following categories: (i) rated BBB or better by Standard & Poor's Corporation or Baa by Moody's Investors Service, Inc., or (ii) determined by the Investment Adviser to be of investment grade and not rated by either of the aforementioned rating services. However, the Fund may invest up to 35% of the value of its total assets in lower-rated convertible and non-convertible debt obligations that are not investment grade bonds, but are rated CCC or better by Standard & Poor's Corporation or Caa or better by Moody's Investors Service, Inc., or are not rated but are determined by the Investment Adviser to be of comparable quality. Securities rated BB, B, and CCC by Standard & Poor's Corporation or Ba, B, and Caa by Moody's Investors Service, Inc. either have speculative characteristics or are predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligations. Debt obligations that are not determined to be investment grade are high-yield high-risk bonds, typically subject to greater market fluctuations, and securities in the lowest rating category may be in danger of loss of income and principal due to an issuer's default. To a greater extent than investment grade bonds, the value of lower-rated bonds tends to reflect short-term corporate, economic, and market developments, as well as investor perceptions of the issuer's credit quality. In addition, lower rated bonds may be more difficult to dispose of or to value than high-rated, lower-yielding bonds. The Investment Adviser attempts to reduce the risks described above through diversification of the portfolio and by credit analysis of each issuer as well as by monitoring broad economic trends and corporate and legislative developments. In the event the rating on an issue held in the Fund's portfolio is changed by the ratings services (or, for an unrated issue, in the determination of the Investment Adviser), such event will be considered by the Investment Adviser in its evaluation of the overall investment merits of that security, but will not necessarily result in the automatic sale of the security. A description of the rating categories is contained in the Appendix to the Combined Statement of Additional Information.

For temporary defensive purposes and to maintain liquidity in anticipation of

favorable investment opportunities, the Fund may invest in short-term money market instruments including securities of other investment companies, certificates of deposit, obligations issued or guaranteed by the United States government or its agencies or instrumentalities, commercial paper rated not lower than A-1 by Standard & Poor's Corporation or Prime-1 by Moody's Investors Service, Inc. or repurchase agreements.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

The Fund will attempt to meet its investment objective by being at least 65% invested in securities issued by companies in the domestic and foreign utilities industries. There exist certain risks associated with the utilities industries and with foreign securities of which investors in the Fund should be aware.

CONSIDERATIONS OF UTILITY SECURITIES. There are certain risks and considerations affecting utility companies, and the holders of utility company securities, which an investor should take into account when investing in those securities. Factors which may adversely affect utility companies include: difficulty in financing large construction programs during inflationary periods; technological innovations which may cause existing plants, equipment, or products to become less competitive or obsolete; the impact of natural or man-made disasters (especially on regional utilities); increased costs or reductions in production due to the unavailability of appropriate types of fuel; seasonally or occasionally reduced availability or higher cost of natural gas; and reduced demand due to energy conservation among consumers. Furthermore, the revenues of domestic and foreign utility companies generally reflect the economic growth and developments in the geographic areas in which they do business.

In addition, most utility companies in the United States and in foreign countries are subject to government regulation. Generally, the purpose of such regulation is to ensure desirable levels of service and adequate capacity to meet public demand. To this end, prices are often regulated to enable consumers to obtain service at what is perceived to be a fair price, while attempting to provide utility companies with a rate of return sufficient to attract capital investment necessary for continued operation and necessary growth. Recently, utility regulators have permitted utilities to diversify outside of their original geographic regions and their traditional lines of business. While the Investment Adviser believes that these opportunities will permit certain utility companies to earn more than their traditional regulated rates of return, other companies may be forced to defend their core businesses and may be less profitable. Of course, there can be no assurance that all of the regulatory policies described in this paragraph will continue in the future.

In addition to the effects of regulation described in the previous paragraph, utility companies may also be adversely affected by the following regulatory considerations: the development and implementation of a national energy policy; the differences between regulatory policies of different jurisdictions (or different regulators which have concurrent jurisdiction); shifts in regulatory policies; adequacy of rate increases; and future regulatory legislation.

Foreign utility companies may encounter different risks and opportunities than those located in the United States. Foreign utility companies may be more heavily regulated than their United States counterparts. Many foreign utility companies currently use fuels which cause more pollution than fuels used by United States utilities; in the future, it may be necessary for such foreign utility companies to invest heavily in pollution control equipment or otherwise meet pollution restrictions. Rapid growth in certain foreign economies may encourage the growth of utility industries in those countries. Although many foreign utility companies are currently government-owned, the Investment Adviser believes that it is likely that some foreign governments will seek to "privatize" their utility companies, i.e., transfer ownership to private investors.

In addition to the foregoing considerations which affect most utility companies, there are specific considerations which affect specific utility industries:

ELECTRIC. The electric utility industry is made up of companies that are engaged in the generation, transmission, and sale of electric energy. Domestic electric utility companies have generally been favorably affected by lower fuel and financing costs and the completion of major construction programs. Some electric utilities are able to sell power outside of their traditional geographic areas. Electric utility companies have historically been subject to increases in fuel and other operating costs, high interest costs on borrowings needed for capital construction programs, compliance with environmental and safety regulations, and changes in the regulatory climate.

In the United States, the construction and operation of nuclear power

facilities is subject to a high degree of regulatory oversight by the Nuclear Regulatory Commission and state agencies with concurrent jurisdiction. In addition, the design, construction, licensing, and operation of nuclear power facilities have been subject to lengthy delays and unanticipated costs due to changes in regulatory policy, regional political actions, and lawsuits. Furthermore, during rate authorizations, utility regulators may disallow the inclusion in electric rates of the higher operating costs and capital expenditures resulting from these delays and unanticipated costs, including the costs of a nuclear facility which a utility company may never be able to use.

TELECOMMUNICATIONS. The telephone industry is large and highly concentrated. The greatest portion of this segment is comprised of companies which distribute telephone services and provide access to the telephone networks. While many telephone utility companies have diversified into other businesses in recent years, the profitability of telephone utility companies could be adversely affected by increasing competition, technological innovations, and other structural changes in the industry. Cable television companies are typically local monopolies, subject to scrutiny by both utility regulators and municipal governments. Emerging technologies and legislation encouraging local competition are combining to threaten these monopolies and may slow future growth rates of these companies. The radio telecommunications segment of this industry, including cellular telephone, is in its early developmental phases and is characterized by emerging, rapidly growing companies.

GAS. Gas transmission and distribution companies are undergoing significant changes. In the United States, the Federal Energy Regulatory Commission is reducing its regulation of interstate transmission of gas. While gas utility companies have in the recent past been adversely affected by disruptions in the oil industry, increased concentration, and increased competition, the Investment Adviser believes that environmental considerations should benefit the gas industry in the future.

WATER. Water utility companies purify, distribute, and sell water. This industry is highly fragmented because most of the water supplies are owned by local authorities. Water utility companies are generally mature and are experiencing little or no per capita volume growth. The Investment Adviser believes that favorable investment opportunities may result if anticipated consolidation and foreign participation in this industry occur.

The Fund occasionally takes advantage of the unusual opportunities for higher returns available from investing in developing countries. These investments, however, carry considerably more volatility and risk because they are associated with less mature economies and less stable political systems.

EXCHANGE RATES. Foreign securities are denominated in foreign currencies. Therefore, the value in U.S. dollars of the Fund's assets and income may be affected by changes in exchange rates and

regulations. Although the Fund values its assets daily in U.S. dollars, it will not convert its holding of foreign currencies to U.S. dollars daily. When the Fund converts its holdings to another currency, it may incur conversion costs. Foreign exchange dealers realize a profit on the difference between the prices at which they buy and sell currencies.

FOREIGN COMPANIES. Other differences between investing in foreign and U.S. companies include: less publicly available information about foreign companies; the lack of uniform financial accounting standards applicable to foreign companies; less readily available market quotations on foreign companies; differences in government regulation and supervision of foreign stock exchanges, brokers, listed companies, and banks; generally lower foreign stock market volume; the likelihood that foreign securities may be less liquid or more volatile; foreign brokerage commissions may be higher; unreliable mail service between countries; political or financial changes which adversely affect investments in some countries; and difficulties which may be encountered in obtaining or enforcing a court judgment abroad.

U.S. GOVERNMENT POLICIES. In the past, U.S. government policies have discouraged or restricted certain investments abroad by investors such as the Fund. Although the Fund is unaware of any current restrictions, investors are advised that these policies could be reinstated.

OTHER INVESTMENT PRACTICES

FOREIGN CURRENCY TRANSACTIONS. The Fund will enter into foreign currency transactions to obtain the necessary currencies to settle securities transactions. Currency transactions may be conducted either on a spot or cash basis at prevailing rates or through forward foreign currency exchange contracts.

The Fund may also enter into foreign currency transactions to protect Fund

assets against adverse changes in foreign currency exchange rates or exchange control regulations. Such changes could unfavorably affect the value of Fund assets which are denominated in foreign currencies, such as foreign securities or funds deposited in foreign banks, as measured in U.S. dollars. Although foreign currency transactions may be used by the Fund to protect against a decline in the value of one or more currencies, such efforts may also limit any potential gain that might result from a relative increase in the value of such currencies and might, in certain cases, result in losses to the Fund.

FORWARD FOREIGN CURRENCY EXCHANGE CONTRACTS. A forward foreign currency exchange contract ("forward contract") is an obligation to purchase or sell an amount of a particular currency at a specific price and on a future date agreed upon by the parties.

Generally, no commission charges or deposits are involved. At the time the Fund enters into a forward contract, Fund assets with a value equal to the Fund's obligation under the forward contract are segregated on the Fund's records and are maintained until the contract has been settled. The Fund will generally enter into a forward contract to provide the proper currency to settle a securities transaction at the time the transaction occurs ("trade date"). The period between trade date and settlement date will vary between twenty-four hours and thirty days, depending upon local custom.

The Fund may also protect against the decline of a particular foreign currency by entering into a forward contract to sell an amount of that currency approximating the value of all or a portion of the Fund's assets denominated in that currency ("hedging"). The success of this type of short-term

hedging strategy is highly uncertain due to the difficulties of predicting short-term currency market movements and of precisely matching forward contract amounts and the constantly changing value of the securities involved. Although the Investment Adviser will consider the likelihood of changes in currency values when making investment decisions, the Investment Adviser believes that it is important to be able to enter into forward contracts when it believes the interests of the Fund will be served. The Fund will not enter into forward contracts for hedging purposes in a particular currency in an amount in excess of the Fund's assets denominated in that currency. No more than 30% of the Fund's assets will be committed to forward contracts for hedging purposes at any time. (This restriction does not include forward contracts entered into to settle securities transactions.)

REPURCHASE AGREEMENTS. Certain securities in which the Fund invests may be purchased pursuant to repurchase agreements. Repurchase agreements are arrangements in which banks, broker/dealers, and other recognized financial institutions sell U.S. government securities or other securities to the Fund and agree at the time of sale to repurchase them at a mutually agreed upon time and price. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities.

LENDING OF PORTFOLIO SECURITIES. In order to generate additional income, the Fund may lend its portfolio securities to broker/dealers, banks, or other institutional borrowers of securities. The Fund will limit the amount of portfolio securities it may lend to not more than one-third of its total assets. The Fund will only enter into loan arrangements with broker/dealers, banks, or other institutions which the Investment Adviser has determined are creditworthy under guidelines established by the Fund's Board of Directors and will receive collateral in cash or United States government securities that will be maintained in an amount equal to at least 100% of the current market value of the securities loaned.

RESTRICTED AND ILLIQUID SECURITIES. The Fund may invest in restricted securities. Restricted securities are any securities in which the Fund may otherwise invest pursuant to its investment objective and policies but which are subject to restriction on resale under federal securities law. To the extent these securities are deemed to be illiquid, the Fund will limit its purchases together with other securities considered to be illiquid to 15% of its net assets.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS. The Fund may purchase securities on a when-issued or delayed delivery basis. In when-issued and delayed delivery transactions, the Fund relies on the seller to complete the transaction. The seller's failure may cause the Fund to miss a price or yield considered to be advantageous.

COVERED CALL OPTIONS. The Fund may also write call options on all or any portion of its portfolio to generate income for the Fund. Call options written by the Fund give the holder the right to buy the underlying securities of the Fund at the stated exercise price. The Fund will write call options only on securities either held in its portfolio or for which it has the right to obtain without payment of further consideration or for which it has segregated cash in the amount of any additional consideration. The call options which the Fund

writes and sells must be listed on a recognized options exchange. The Fund's investment in call options shall not exceed 5% of the Fund's total assets.

INVESTMENT LIMITATIONS

The Fund will not:

- with respect to 75% of its total assets, invest more than 5% of its total assets in the securities of any one issuer, except that this restriction does not apply to cash and cash items, repurchase agreements, and securities issued or guaranteed by the United States government or its agencies or instrumentalities, or acquire more than 10% of the outstanding voting securities of any one issuer;
- borrow money, issue senior securities, or pledge assets, except that under certain circumstances the Fund may borrow money and engage in reverse repurchase transactions in amounts up to one-third of the value of its total assets, including the amounts borrowed, and pledge up to 10% of the value of those assets to secure such borrowings.

The above investment limitations cannot be changed without shareholder approval. The following limitations, however, may be changed by the Directors without the approval of shareholders. Shareholders will be notified before any material change in this limitation becomes effective.

The Fund will not invest more than 25% of its total assets in securities of companies engaged principally in any one industry other than the utilities industry, except that this restriction does not apply to cash or cash items and securities issued or guaranteed by the United States government or its agencies or instrumentalities.

NET ASSET VALUE

The Fund's net asset value per Share fluctuates. The net asset value for Shares is determined by adding the interest of the Fortress Shares in the market value of all securities and other assets of the Fund, subtracting the interest of the Fortress Shares in the liabilities of the Fund and those attributable to the Fortress Shares, and dividing the remainder by the number of Fortress Shares outstanding. The net asset value for Fortress Shares may differ from that of Class A Shares due to the variance in daily net income realized by each class. Such variance will reflect only accrued net income to which the shareholders of a particular class are entitled.

INVESTING IN FORTRESS SHARES

SHARE PURCHASES

Shares are sold on days on which the New York Stock Exchange is open. Shares may be purchased through a financial institution who has a sales agreement with the distributor or directly from the distributor, Federated Securities Corp. either by mail or by wire once an account has been established. The Fund reserves the right to reject any purchase request.

THROUGH A FINANCIAL INSTITUTION. An investor may call his financial institution (such as a bank or an investment dealer) to place an order to purchase Shares. Orders through a financial institution are considered received when the Fund is notified of the purchase order. It is the financial institution's responsibility to transmit orders promptly. Purchase orders through a registered broker/dealer must be

received by the broker before 4:00 P.M. (Eastern time) and must be transmitted by the broker to the Fund before 5:00 P.M. (Eastern time) in order for Shares to be purchased at that day's price. Purchase orders through other financial institutions must be received by the financial institution and transmitted to the Fund before 4:00 P.M. (Eastern time) in order for Shares to be purchased at that day's price.

The financial institution which maintains investor accounts with the Fund must do so on a fully disclosed basis unless it accounts for share ownership periods used in calculating the contingent deferred sales charge (see "Contingent Deferred Sales Charge"). In addition, advance payments made to financial institutions may be subject to reclaim by the distributor for accounts transferred to financial institutions which do not maintain investor accounts on a fully disclosed basis and do not account for share ownership periods (see "Other Payments to Financial Institutions").

DIRECTLY BY MAIL. An investor may place an order to purchase Shares directly by mail from the distributor once an account has been established. To do so, mail a check made payable to World Utility Fund-Fortress Shares to Federated Services

Company, c/o State Street Bank and Trust Company, P.O. Box 8604, Boston, MA 02266-8604.

Purchases by mail are considered received after payment by check is converted by State Street Bank and Trust Company ("State Street Bank") into federal funds. This is generally the next business day after State Street Bank receives the check.

BY WIRE. To purchase Shares directly from the distributor by wire once an account has been established, call the Fund. All information needed will be taken over the telephone, and the order is considered received when State Street Bank receives payment by wire. Federal funds should be wired as follows: State Street Bank and Trust Company, Boston, Massachusetts 02105; Attention: EDGEWIRE; For Credit to: World Utility Fund--Fortress Shares; Fund Number (this number can be found on the account statement or by contacting the Fund); Group Number or Order Number; Nominee or Institution Name; ABA Number 011000028. Shares cannot be purchased by wire on Columbus Day, Veteran's Day, or Martin Luther King Day.

MINIMUM INVESTMENT REQUIRED

The minimum initial investment in Shares is \$1,500 unless the investment is in a retirement plan, in which case the minimum initial investment is \$50. Subsequent investments must be in amounts of at least \$100, except for retirement plans, which must be in amounts of at least \$50.

WHAT SHARES COST

Shares are sold at their net asset value next determined after an order is received, plus a sales charge of 1% of the offering price (which is 1.01% of the net amount invested). There is no sales charge for purchases of \$1 million or more. In addition, no sales charge is imposed for Shares purchased through bank trust departments or investment advisers registered under the Investment Advisers Act of 1940 purchasing on behalf of their clients, or by sales representatives, Directors, and employees of the Fund, Federated Management, and Federated Securities Corp., or their affiliates, or any investment dealer who has a sales agreement with Federated Securities Corp., their spouses and children under age 21, or any trusts or pension or profit-sharing plans for these persons. Unaffiliated institutions through whom Shares are purchased may charge fees for services provided which may be related to the ownership of Fund Shares. This prospectus should, therefore, be read together with any agreement between the

customer and the institution with regard to services provided, the fees charges for these services, and any restriction and limitation imposed.

The net asset value is determined at 4:00 p.m. (Eastern time), Monday through Friday, except on: (i) days on which there are not sufficient changes in the value of the Fund's portfolio securities that its net asset value might be materially affected; (ii) days during which no Shares are tendered for redemption and no orders to purchase Shares are received; or (iii) the following holidays: New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

Under certain circumstances, described under "Redeeming Fortress Shares," shareholders may be charged a contingent deferred sales charge by the distributor at the time Shares are redeemed.

DEALER CONCESSION. For sales of Shares, broker/dealers will normally receive 100% of the applicable sales charge. Any portion of the sales charge which is not paid to a broker/dealer will be retained by the distributor. However, from time to time, and at the sole discretion of the distributor, all or a part of that portion may be paid to a dealer. The sales charge for Shares sold other than through registered broker/dealers will be retained by Federated Securities Corp. Federated Securities Corp. may pay fees to banks out of the sales charge in exchange for sales and/or administrative services performed on behalf of the bank's customers in connection with the initiation of customer accounts and purchases of Shares.

ELIMINATING THE SALES CHARGE

The sales charge can be eliminated on the purchase of Shares through:

- quantity discounts and accumulated purchases;
- signing a 13-month letter of intent;
- using the reinvestment privilege; or
- concurrent purchases

QUANTITY DISCOUNTS AND ACCUMULATED PURCHASES. There is no sales charge for purchases of \$1 million or more. The Fund will combine purchases of Shares made on the same day by the investor, the investor's spouse, and the investor's children under age 21 when it calculates the sales charge.

If an additional purchase of Shares is made, the Fund will consider the previous purchases still invested in the Fund. For example, if a shareholder already owns Shares having a current value at the public offering price of \$900,000 and he purchases \$100,000 more at the current public offering price, there will be no charge on the additional purchase. The Fund will also combine purchases for the purpose of reducing the contingent deferred sales charge imposed on some Shares redemptions. For example, if a shareholder already owns Shares having a current value at public offering price of \$1 million and purchases an additional \$1 million at the current public offering price, the applicable contingent deferred sales charge would be reduced to 0.50% of those additional Shares. For more information on the levels of contingent deferred sales charges and holding periods, see the section entitled "Contingent Deferred Sales Charge."

To receive the sales charge elimination and/or the contingent deferred sales charge reduction, Federated Securities Corp. must be notified by the shareholder in writing or by his financial institution

at the time the purchase is made that Shares are already owned or that purchases are being combined. The Fund will eliminate the sales charge after it confirms the purchases.

LETTER OF INTENT. If a shareholder intends to purchase at least \$1 million of Shares over the next 13 months, the sales charge may be eliminated by signing a letter of intent to that effect. This letter of intent includes a provision for a sales charge elimination depending on the amount actually purchased within the 13-month period and a provision for the Fund's custodian to hold 1.00% of the total amount intended to be purchased in escrow (in Shares) until such purchase is completed.

The 1.00% held in escrow will be applied to the shareholder's account at the end of the 13-month period unless the amount specified in the letter of intent, which must be \$1 million or more Shares, is not purchased. In this event, an appropriate number of escrowed Shares may be redeemed in order to realize the 1.00% sales charge.

This letter of intent will not obligate the shareholder to purchase Shares. This letter may be dated as of a prior date to include any purchases made within the past 90 days (purchases within the prior 90 days may be used to fulfill the requirements of the letter of intent; however, the sales charge on such purchases will not be adjusted to reflect a lower sales charge).

REINVESTMENT PRIVILEGE. If Shares in the Fund have been redeemed, the shareholder has a one-time right, within 120 days, to reinvest the redemption proceeds at the next-determined net asset value without any sales charge. Federated Securities Corp. must be notified by the shareholder in writing or by his financial institution of the reinvestment in order to receive this elimination of the sales charge. If the shareholder redeems his Shares in the Fund, there may be tax consequences.

CONCURRENT PURCHASES. For purposes of qualifying for a sales charge elimination, a shareholder has the privilege of combining concurrent purchases of two or more funds in the Fortress Investment Program, the purchase price of which includes a sales charge. For example, if a shareholder concurrently invested \$400,000 in one of the other Fortress Funds, and \$600,000 in Shares, the sales charge would be eliminated.

To receive this sales charge elimination, Federated Securities Corp. must be notified by the shareholder in writing or by his financial institution at the time the concurrent purchases are made. The Fund will reduce the sales charge after it confirms the purchases.

SYSTEMATIC INVESTMENT PROGRAM

Once a Fund account has been opened, shareholders may add to their investment on a regular basis. Under this program, funds may be automatically withdrawn periodically from the shareholder's checking account and invested in Shares at the net asset value next determined after an order is received by State Street Bank, plus the 1.00% sales charge for purchases under \$1 million. A shareholder may apply for participation in this program through Federated Securities Corp. or his financial institution.

EXCHANGING SECURITIES FOR FUND SHARES

Investors may exchange certain securities or a combination of securities and cash for Shares. The securities and any cash must have a market value of at least \$25,000. From time to time the Fund will prepare a list of securities which may be eligible for acceptance and furnish this list to brokers upon

request. Securities accepted by the Fund are valued in the same manner as the Fund values its portfolio securities. Investors wishing to exchange securities should first contact their investment broker, who will contact Federated Securities Corp.

EXCHANGE PRIVILEGES

Shares may be exchanged for shares in other Fortress Funds at net asset value without a sales charge or a contingent deferred sales charge.

Shares may also be exchanged for shares in other Federated Funds which are advised by subsidiaries or affiliates of Federated Investors. With the exception of exchanges into other Fortress Funds, such exchanges will be subject to a contingent deferred sales charge and possibly a sales charge.

Shareholders using this privilege must exchange Shares having a net asset value which at least meets the minimum investment required for the fund into which the exchange is being made. A shareholder may obtain information on the exchange privilege, and may obtain prospectuses for other Fortress Funds and Federated Funds by calling Federated Securities Corp. or his financial institution.

CERTIFICATES AND CONFIRMATIONS

As transfer agent for the Fund, Federated Services Company maintains a Share account for each shareholder. Share certificates are not issued unless requested on the application or by contacting the Fund.

Detailed confirmations of each purchase or redemption are sent to each shareholder. Quarterly statements are sent to report dividends paid during the quarter.

DIVIDENDS AND DISTRIBUTIONS

Dividends are declared and paid quarterly to all shareholders invested in the Fund on the record date. Distributions of any net realized capital gains will be made at least once every twelve months. Dividends and distributions are automatically reinvested in additional Shares on the payment date, at the ex-dividend date net asset value without a sales charge, unless shareholders request cash payments on the new account form or by writing to the transfer agent. All shareholders on the record date are entitled to the dividend. If Shares are redeemed or exchanged prior to the record date or purchased after the record date, those Shares are not entitled to that quarter's dividend.

REDEEMING FORTRESS SHARES

The Fund redeems Shares at their net asset value, less any applicable contingent deferred sales charge, next determined after State Street Bank receives the redemption request. Redemptions will be made on days on which the Fund computes its net asset value. Redemption requests must be received in proper form and can be made through a financial institution or directly from the Fund by written request.

THROUGH A FINANCIAL INSTITUTION

A shareholder may redeem Shares by calling his financial institution (such as a bank or an investment dealer) to request the redemption. Shares will be redeemed at the net asset value, less any applicable contingent deferred sales charge, next determined after the Fund receives the redemption request from

the financial institution. Redemption requests through a registered broker/dealer must be received by the broker before 4:00 P.M. (Eastern time) and must be transmitted by the broker to the Fund before 5:00 P.M. (Eastern time) in order for Shares to be redeemed at that day's net asset value. Redemption requests through other financial institutions must be received by the financial institution and transmitted to the Fund before 4:00 P.M. (Eastern time) in order for Shares to be redeemed at that day's net asset value. The financial institution is responsible for promptly submitting redemption requests and providing proper written redemption instructions to the Fund. The financial institution may charge customary fees and commissions for this service. If at any time the Fund shall determine it necessary to terminate or modify this method of redemption, shareholders will be promptly notified.

Before a financial institution may request redemption by telephone on behalf of a shareholder, an authorization form permitting the Fund to accept telephone requests must first be completed. Telephone redemption instructions may be recorded. If reasonable procedures are not followed by the Fund, it may be liable for losses due to unauthorized or fraudulent telephone instructions.

In the event of drastic economic or market changes, a shareholder may experience difficulty in redeeming by telephone. If such a case should occur, another method of redemption, such as "Directly by Mail," should be considered.

DIRECTLY BY MAIL

Shareholders may also redeem Shares by sending a written request to Federated Services Company, c/o State Street Bank, P.O. Box 8604, Boston, MA 02266-8604. The written request must include the shareholder's name, the Fund name and class of shares name, the account number, the Share or dollar amount to be redeemed, and should be signed exactly as Shares are registered.

If Share certificates have been issued, they must be properly endorsed and should be sent by registered or certified mail with the written request. Shareholders should call the Fund for assistance in redeeming by mail.

SIGNATURES. Shareholders requesting a redemption of \$50,000 or more, a redemption of any amount to be sent to an address other than that on record with the Fund, or a redemption payable other than to the shareholder of record must have signatures on written redemption requests guaranteed by:

- a trust company or commercial bank whose deposits are insured by the Bank Insurance Fund ("BIF"), which is administered by the Federal Deposit Insurance Corporation ("FDIC");
- a member of the New York, American, Boston, Midwest, or Pacific Stock Exchanges;
- a savings bank or savings and loan association whose deposits are insured by the Savings Association Insurance Fund ("SAIF"), which is administered by the FDIC; or
- any other "eligible guarantor institution," as defined in the Securities Exchange Act of 1934.

The Fund does not accept signatures guaranteed by a notary public.

The Fund and its transfer agent have adopted standards for accepting signature guarantees from the above institutions. The Fund may elect in the future to limit eligible signature guarantors to institutions that are members of a signature guarantee program. The Fund and its transfer agent reserve the right to amend these standards at any time without notice.

RECEIVING PAYMENT. A check for the proceeds is mailed within one business day, but in no event more than seven days, after receipt of a proper written redemption request.

CONTINGENT DEFERRED SALES CHARGE

Shareholders redeeming Shares from their Fund accounts within certain time periods from the purchase dates of those Shares will be charged a contingent deferred sales charge by the Fund's distributor of the lesser of the original purchase price or the net asset value of the Shares redeemed as follows:

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AMOUNT OF PURCHASE	SHARES HELD	CONTINGENT DEFERRED SALES CHARGE
<S>	<C>	<C>
Up to \$1,999,999	less than 4 years	1%
\$2,000,000 to \$4,999,999	less than 2 years	.50%
\$5,000,000 or more	less than 1 year	.25%

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In instances in which Shares have been acquired in exchange for shares in other Fortress Funds, (i) the purchase price of the shares when originally purchased and (ii) the time period which the shares are held will run from the date of the original purchase. The contingent deferred sales charge will not be imposed on Shares acquired through the reinvestment of dividends or distributions of short-term or long-term capital gains. In computing the amount of contingent deferred sales charge for accounts with shares subject to a single holding period, if any, redemptions are deemed to have occurred in the following order: 1) first of Shares acquired through the reinvestment of dividends and long-term capital gains, 2) second of purchases of Shares occurring prior to the number of years necessary to satisfy the applicable holding period, and 3) finally of purchases of Shares occurring within the current holding period.

The contingent deferred sales charge will not be imposed when a redemption results from a tax-free return under the following circumstances: (i) a total or partial distribution from a qualified plan, other than an IRA, Keogh Plan, or a

custodial account, following retirement; (ii) a total or partial distribution from an IRA, Keogh Plan, or a custodial account, after the beneficial owner attains age 59 1/2; or (iii) from the death or total and permanent disability of the beneficial owner. The exemption from the contingent deferred sales charge for qualified plans, an IRA, Keogh Plan or a custodial account does not extend to account transfers, rollovers, and other redemptions made for purposes of reinvestment. Contingent deferred sales charges are not charges in connection with exchanges of Shares for shares in other Fortress Funds, or in connection with redemptions by the Fund of accounts with low balances. Shares of the Fund originally purchased through a bank trust department or investment adviser registered under the Investment Advisers Act of 1940 are not subject to the contingent deferred sales charge, to the extent that no payment was advanced for purchases made by such entities. For more information, see "Administrative Arrangements."

SYSTEMATIC WITHDRAWAL PROGRAM

Shareholders who desire to receive monthly or quarterly payments of a predetermined amount may take advantage of the Systematic Withdrawal Program. Under this program, Shares are redeemed to provide for periodic withdrawal payments in an amount directed by the shareholder; the minimum withdrawal amount is \$100. Depending upon the amount of the withdrawal payments, the amount of

dividends paid and capital gains distributions with respect to Shares, and the fluctuation of the net asset value of Shares redeemed under this program, redemptions may reduce, and eventually deplete, the shareholder's investment in Shares. For this reason, payments under this program should not be considered as yield or income on the shareholder's investment in Shares. To be eligible to participate in this program, a shareholder must have an account value of at least \$10,000 at current offering price.

A shareholder may apply for participation in this program through Federated Securities Corp. Due to the fact that Shares are sold with a sales charge, it is not advisable for shareholders to be purchasing Shares while participating in this program.

Contingent deferred sales charges are charged for Shares redeemed through this program within four years of their purchase dates.

ACCOUNTS WITH LOW BALANCES

Due to the high cost of maintaining accounts with low balances, the Fund may redeem Shares in any account, except retirement plans, and pay the proceeds to the shareholder if the account balance falls below the required minimum value of \$1,500. This requirement does not apply, however, if the balance falls below \$500 because of changes in the Fund's net asset value. Before Shares are redeemed to close an account, the shareholder is notified in writing and allowed 30 days to purchase additional Shares to meet the minimum requirement.

WORLD INVESTMENT SERIES, INC. INFORMATION

MANAGEMENT OF THE CORPORATION

BOARD OF DIRECTORS. The Corporation is managed by a Board of Directors. The Directors are responsible for managing the Corporation's business affairs and for exercising all the Corporation's powers except those reserved for the shareholders. An Executive Committee of the Board of Directors handles the Board's responsibilities between meetings of the Board.

OFFICERS AND DIRECTORS. Officers and Directors are listed with their addresses, principal occupations and present positions, including any affiliation with Federated Investors, Federated Management,

Federated Securities Corp., Federated Administrative Services, and the Funds described in the Statement of Additional Information.

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NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
John F. Donahue+* Federated Investors Tower Pittsburgh, PA	Chairman and Director	Chairman and Trustee, Federated Investors; Chairman and Trustee, Federated Advisers, Federated Management, and Federated Research; Director, Aetna Life and Casualty Company; Chief Executive Officer and Director, Trustee, or Managing General Partner of the Funds; formerly, Director, The Standard Fire Insurance Company. Mr. Donahue is the father of J. Christopher Donahue, Vice-President of the Corporation.
John T. Conroy, Jr.	Director	President, Investment Properties Corporation; Senior Vice-President, John R.

Wood/IPC Commercial
Department and
Associates, Inc., Realtors;
3255 Tamiami Trail North
Naples, FL

Wood and Associates, Inc., Realtors; President, Northgate Village Department
Corporation; John R. Wood Partner or Trustee in private real estate ventures
in Southwest Florida; Director, Trustee, or Managing General Partner of the
Funds; formerly, President, Naples Property Management, Inc.

William J. Copeland One PNC Plaza-- 23rd Floor Pittsburgh, PA	Director	Director and Member of the Executive Committee, Michael Baker, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman and Director, PNC Bank, N.A. and PNC Financial Corp and Director, Ryan Homes, Inc.
James E. Dowd 571 Hayward Mill Road Concord, MA	Director	Attorney-at-law; Director, The Emerging Germany Fund, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Director, Blue Cross of Massachusetts, Inc.
Lawrence D. Ellis, M.D. 3471 Fifth Avenue Suite 1111 Pittsburgh, PA	Director	Hematologist, Oncologist, and Internist, Presbyterian and Montefiore Hospitals; Clinical Professor of Medicine and Trustee University of Pittsburgh; Director Trustee, or Managing General Partner of the Funds.

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NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Edward L. Flaherty, Jr.+ 5916 Penn Mall Pittsburgh, PA	Director	Attorney-at-law; Partner, Meyer and Flaherty; Director, Eat'N Park Restaurants, Inc., and Statewide Settlement Agency, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Counsel, Horizon Financial, F.A., Western Region.
Peter E. Madden 225 Franklin Street Boston, MA	Director	Consultant; State Representative, Commonwealth of Massachusetts; Director, Trustee, or Managing General Partner of the Funds; formerly, President, State Street Bank and Trust Company and State Street Boston Corporation and Trustee, Lahey Clinic Foundation, Inc.
Gregor F. Meyer 5916 Penn Mall Pittsburgh, PA	Director	Attorney-at-law; Partner, Meyer and Flaherty; Chairman, Meritcare, Inc.; Director, Trustee, or Managing General Partner of the Funds; formerly, Vice Chairman, Horizon Financial, F.A.
Wesley W. Posvar 1202 Cathedral of Learning University of Pittsburgh Pittsburgh, PA	Director	Professor, Foreign Policy and Management Consultant; Trustee, Carnegie Endowment for International Peace, RAND Corporation, Online Computer Library Center, Inc., and U.S. Space Foundation; Chairman, National Advisory Council for Environmental Policy and Technology; Chairman, Czecho Slovak Management Center; Director, Trustee, or Managing General Partner of the Funds; President Emeritus, University of Pittsburgh; formerly, Chairman, National Advisory Council for Environmental Policy and Technology.
Marjorie P. Smuts 4905 Bayard Street Pittsburgh, PA	Director	Public relations/marketing consultant; Director, Trustee, or Managing General Partner of the Funds.

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NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
Richard B. Fisher Federated Investors Tower Pittsburgh, PA	President and Director	Executive Vice President and Trustee, Federated Investors; Chairman and Director, Federated Securities Corp.; President or Vice President of the Funds; Director or Trustee of some of the Funds.
J. Christopher Donahue Federated Investors Tower Pittsburgh, PA	Vice President	President and Trustee, Federated Investors; Trustee, Federated Advisers, Federated Management and Federated Research; President and Director, Federated Administrative Services; President or Vice President of the Funds; Director, Trustee, or Managing General Partner of some of the Funds. Mr. Donahue is the son of John F. Donahue, Chairman and Director of the Corporation.
Edward C. Gonzales Federated Investors Tower Pittsburgh, PA	Vice President and Treasurer	Vice President, Treasurer, and Trustee, Federated Investors; Vice President and Treasurer, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Treasurer, and Director, Federated Securities Corp.; Chairman, Treasurer, and Director, Federated Administrative Services; Trustee or Director of some of the Funds; Vice President and Treasurer of the Funds.

John W. McGonigle Federated Investors Tower Pittsburgh, PA	Vice President and Secretary	Vice President, Secretary, General Counsel, and Trustee, Federated Investors; Vice President, Secretary, and Trustee, Federated Advisers, Federated Management, and Federated Research; Executive Vice President, Secretary, and Director, Federated Administrative Services; Director and Executive Vice President, Federated Securities Corp.; Vice President and Secretary of the Funds.
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NAME AND ADDRESS	POSITION WITH THE CORPORATION	PRINCIPAL OCCUPATION DURING PAST FIVE YEARS
John A. Staley, IV Federated Investors Tower Pittsburgh, PA	Vice President	Vice President and Trustee, Federated Investors; Executive Vice President, Federated Securities Corp.; President and Trustee, Federated Advisers, Federated Management, and Federated Research; Vice President of the Funds, Director, Trustee, or Managing General Partner of the Funds; formerly, Vice President, The Standard Fire Insurance Company and President of its Federated Research Division.

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* This Director is deemed to be an "interested person" of the Corporation as defined in the Investment Company Act of 1940.

+ Members of the Corporation's Executive Committee. The Executive Committee of the Board of Directors handles the responsibilities of the Board of Directors between meetings of the Board.

Officers and Directors own less than 1% of the Fund's outstanding shares.

INVESTMENT ADVISER. Under the terms of an Advisory Agreement between the Corporation and Federated Management, Federated Management will furnish to the Fund such investment advice, statistical and other factual information as may from time to time be reasonably requested by the Fund.

ADVISORY FEES. The Fund's adviser receives an annual investment advisory fee equal to 1.00% of average daily net assets of the Fund. The fee paid by the Fund, while higher than the advisory fee paid by other mutual funds in general, is comparable to fees paid by other mutual funds with similar objectives and policies. The adviser may voluntarily choose to waive a portion of its fee or reimburse the Fund for certain operating expenses. The adviser can terminate this voluntary reimbursement of expenses at any time at its sole discretion. The adviser has also undertaken to reimburse the Fund for operating expenses in excess of limitations established by certain states.

ADVISER'S BACKGROUND. Federated Management, a Delaware business trust organized on April 11, 1989, is a registered investment adviser under the Investment Advisers Act of 1940. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, Chairman and Trustee of Federated Investors, Mr. Donahue's wife, and Mr. Donahue's son, J. Christopher Donahue, who is President and Trustee of Federated Investors.

Federated Management and other subsidiaries of Federated Investors serve as investment advisers to a number of investment companies and private accounts with combined assets of approximately \$75 billion. Federated Investors, which was founded in 1956 as Federated Investors, Inc., develops and manages mutual funds primarily for the financial industry. Federated Investors' track record of competitive performance and its disciplined, risk-averse investment philosophy serve approximately 3,500 client institutions nationwide. Through these same client institutions, individual shareholders also have access to this same level of investment expertise.

Christopher H. Wiles has been the Fund's portfolio manager since its inception. Mr. Wiles joined Federated Investors in 1990 and has been a Vice President of the Investment Adviser since 1992. Mr. Wiles served as Assistant Vice President of the Fund's investment adviser from 1990 until 1992. Mr. Wiles was a portfolio manager at Mellon Bank from 1986 until 1990. Mr. Wiles is a Chartered Financial Analyst and received his M.B.A. in Finance from Cleveland State University.

DISTRIBUTION OF FORTRESS SHARES

Federated Securities Corp. is the principal distributor for Shares. Federated Securities Corp. is located at Federated Investors Tower, Pittsburgh,

Pennsylvania 15222-3779. It is a Pennsylvania corporation organized on November 14, 1969, and is the principal distributor for a number of investment companies. Federated Securities Corp. is a subsidiary of Federated Investors.

DISTRIBUTION AND SHAREHOLDER SERVICES PLANS. Under a distribution plan adopted in accordance with Investment Company Act Rule 12b-1 (the "Distribution Plan"), the Fund may pay to the distributor an amount, computed at an annual rate of 0.25 of 1% of the average daily net asset value of Shares to finance any activity which is principally intended to result in the sale of shares subject to the Distribution Plan. The distributor may select Financial Institutions such as banks, fiduciaries, custodians for public funds, investment advisers, and broker/dealers to provide sales support services as agents for their clients or customers.

The Distribution Plan is a compensation-type plan. As such, the Fund makes no payments to the distributor except as described above. Therefore, the Fund does not pay for unreimbursed expenses of the distributor, including amounts expended by the distributor in excess of amounts received by it from the Fund, interest, carrying or other financing charges in connection with excess amounts expended, or the distributor's overhead expenses. However, the distributor may be able to recover such amount or may earn a profit from future payments made by the Fund under the Distribution Plan.

In addition, the Fund has adopted a Shareholder Services Plan (the "Services Plan") under which it may make payments up to 0.25 of 1% of the average daily net asset value of Shares to obtain certain personal services for shareholders and the maintenance of shareholder accounts ("shareholder services"). The Fund has entered into a Shareholder Services Agreement with Federated Shareholder Services, a subsidiary of Federated Investors, under which Federated Shareholder Services will either perform shareholder services directly or will select Financial Institutions to perform shareholder services. Financial Institutions will receive fees based upon shares owned by their clients or customers. The schedules of such fees and the basis upon which such fees will be paid will be determined from time to time by the Fund and Federated Shareholder Services.

OTHER PAYMENTS TO FINANCIAL INSTITUTIONS. In addition, the distributor will pay financial institutions, for distribution and/or administrative services, an amount equal to 1.00% of the offering price of the Shares acquired by their clients or customers on purchases up to \$1,999,999, .50% of the offering price on purchases of \$2,000,000 to \$4,999,999, and .25% of the offering price on purchases of \$5,000,000 or more. (This fee is in addition to the 1.00% sales charge on purchases of less than \$1 million.) The financial institutions may elect to receive amounts less than those stated, which would reduce the stated contingent deferred sales charge and/or the holding period used to calculate the fee.

The Glass-Steagall Act limits the ability of a depository institution (such as a commercial bank or a savings and loan association) to become an underwriter or distributor of securities. In the event the Glass-Steagall Act is deemed to prohibit depository institutions from acting in the administrative capacities described above or should Congress relax current restrictions on depository institutions, the Board of Directors will consider appropriate changes in the administrative services.

State securities laws governing the ability of depository institutions to act as underwriters or distributors of securities may differ from interpretations given to the Glass-Steagall Act and, therefore, banks and financial institutions may be required to register as dealers pursuant to state law.

ADMINISTRATION OF THE FUND

ADMINISTRATIVE SERVICES. Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services (including certain legal and financial reporting services) necessary to operate the Fund. Federated Administrative Services provides these at an annual rate which relates to the average aggregate daily net assets of all funds advised by subsidiaries of Federated Investors ("Federated Funds") as specified below.

<TABLE>
<CAPTION>

MAXIMUM ADMINISTRATIVE FEE	AVERAGE AGGREGATE DAILY NET ASSETS OF THE FEDERATED FUNDS
0.15 of 1%	on the first \$250 million
0.125 of 1%	on the next \$250 million
0.10 of 1%	on the next \$250 million
0.075 of 1%	on assets in excess of \$750 million

</TABLE>

The administrative fee received during any fiscal year shall be at least \$125,000 per portfolio and \$30,000 per each additional class of shares. Federated Administrative Services may choose voluntarily to waive a portion of its fee.

CUSTODIAN. State Street Bank and Trust Company, P.O. Box 8604, Boston, Massachusetts 02266-8604, is custodian for the securities and cash of the Fund. Foreign instruments purchased by the Fund are held by foreign banks participating in a network coordinated by State Street Bank.

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT. Federated Services Company, Federated Investors Tower, Pittsburgh, Pennsylvania, 15222-3779, is transfer agent for Shares and dividend disbursing agent for the Fund.

LEGAL COUNSEL. Legal counsel is provided by Houston, Houston & Donnelly, 2510 Centre City Tower, Pittsburgh, Pennsylvania 15222, and Dickstein, Shapiro & Morin, 2101 L Street, N.W., Washington, D.C. 20037.

INDEPENDENT AUDITORS. The independent auditors for the Fund are Ernst & Young, One Oxford Centre, Pittsburgh, Pennsylvania 15219.

BROKERAGE TRANSACTIONS

When selecting brokers and dealers to handle the purchase and sale of portfolio instruments, the Investment Adviser looks for prompt execution of the order at a favorable price. In working with

dealers, the adviser will generally utilize those who are recognized dealers in specific portfolio instruments, except when a better price and execution of the order can be obtained elsewhere. In selecting among firms believed to meet this criteria, the adviser may give consideration to those firms which have sold or are selling Shares of the Fund and other funds distributed by Federated Securities Corp. The adviser makes decisions on portfolio transactions and selects brokers and dealers subject to review by the Board of Directors.

EXPENSES OF THE FUND AND FORTRESS SHARES

Holders of each class of shares pay their allocable portion of Fund and Corporation expenses.

The Corporation expenses for which holders of Shares pay their allocable portion include, but are not limited to: the cost of organizing the Corporation and continuing its existence; registering the Corporation with federal and state securities authorities; Directors' fees; auditors' fees; the cost of meetings of Directors; legal fees of the Corporation; association membership dues; and such non-recurring and extraordinary items as may arise from time to time.

The Fund expenses for which holders of Shares pay their allocable portion include, but are not limited to: registering the Fund and Shares of the Fund; investment advisory services; taxes and commissions; custodian fees; insurance premiums; auditors' fees; and such non-recurring and extraordinary items as may arise from time to time.

At present, the only expenses which are allocated specifically to Shares as a class are expenses under the Services Plan and Distribution Plan. However, the Directors reserve the right to allocate certain other expenses to holders of Shares as it deems appropriate ("Class Expenses"). In any case, Class Expenses would be limited to: distribution fees; transfer agent fees as identified by the transfer agent as attributable to holders of Shares; fees under the Services Plan; printing and postage expenses related to preparing and distributing materials such as shareholder reports, prospectuses and proxies to current shareholders; registration fees paid to the Securities and Exchange Commission and registration fees paid to state securities commissions; expenses related to administrative personnel and services as required to support holders of Shares; legal fees relating solely to Shares; and Directors' fees incurred as a result of issues relating solely to Shares.

SHAREHOLDER INFORMATION

VOTING RIGHTS

Each Share gives the shareholder one vote in Director elections and other matters submitted to shareholders for vote. All shares of each portfolio or class in the Corporation have equal voting rights, except that only shares of that particular Fund or class are entitled to vote in matters affecting that Fund or class.

As a Maryland corporation, the Corporation is not required to hold annual shareholder meetings. Shareholder approval will be sought only for certain changes in the Fund's operation and for the election of Directors under certain

circumstances.

Directors may be removed by a two-thirds vote of the number of Directors prior to such removal or by a two-thirds vote of the shareholders at a special meeting. The Directors shall call a Special Meeting of Shareholders upon the written request of shareholders owning at least 10% of the Corporation's outstanding shares entitled to vote.

TAX INFORMATION

FEDERAL INCOME TAX

The Fund will pay no federal income tax because it expects to meet requirements of the Internal Revenue Code, as amended, applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. However, the Fund may invest in the stock of certain foreign corporations which would constitute a Passive Foreign Investment Company (PFIC). Federal income taxes may be imposed on the Fund upon disposition of PFIC investments.

The Fund will be treated as a single, separate entity for federal income tax purposes so that income (including capital gains) and losses realized by the Corporation's other portfolios, if any, will not be combined for tax purposes with those realized by the Fund.

Investment income received by the Fund from sources within foreign countries may be subject to foreign taxes withheld at the source. The United States has entered into tax treaties with many foreign countries that entitle the Fund to reduced tax rates or exemptions on this income. The effective rate of foreign tax cannot be predicted since the amount of Fund assets to be invested within various countries is unknown. However, the Fund intends to operate so as to qualify for treaty-reduced tax rates where applicable.

Unless otherwise exempt, shareholders are required to pay federal income tax on any dividends and other distributions, including capital gains distributions, received. This applies whether dividends and distributions are received in cash or as additional Shares.

If more than 50% of the value of the Fund's assets at the end of the tax year is represented by stock or securities of foreign corporations, the Fund intends to qualify for certain Internal Revenue Code stipulations that would allow shareholders to claim a foreign tax credit or deduction on their U.S. income tax returns. The Internal Revenue Code may limit a shareholder's ability to claim a foreign tax credit. Furthermore, shareholders who elect to deduct their portion of the Fund's foreign taxes rather than take the foreign tax credit must itemize deductions on their income tax returns.

PENNSYLVANIA CORPORATE AND PERSONAL PROPERTY TAXES

In the opinion of Houston, Houston & Donnelly, counsel to the Fund:

- the Fund is subject to the Pennsylvania corporate franchise tax; and
- Fund Shares are exempt from personal property taxes imposed by counties, municipalities, and school districts in Pennsylvania.

Shareholders are urged to consult their own tax advisers regarding the status of their accounts under state and local tax laws.

OTHER CLASSES OF SHARES

Class A Shares, the other class of shares offered by the Fund, are sold primarily to customers of financial institutions with a maximum sales charge of 4.50%. Investments in Class A Shares are subject to a minimum initial investment of \$500, unless the investment is in a retirement account, in which case the minimum investment is \$50.

The amount of dividends payable to Class A Shares will generally exceed that of Fortress Shares by the difference between Class Expenses and distribution expenses borne by shares of each respective class.

The stated advisory fee is the same for both classes of shares.

PERFORMANCE INFORMATION

From time to time the Fund advertises the total return for Fortress Shares.

Total return represents the change, over a specified period of time, in the value of an investment in Shares after reinvesting all income and capital gain

distributions. It is calculated by dividing that change by the initial investment and is expressed as a percentage.

The performance information reflects the effect of the maximum sales load and other similar non-recurring charges, such as the contingent deferred sales charge, which, if excluded, would increase the total return.

From time to time, the Fund may advertise the performance of Fortress Shares using certain financial publications and/or compare its performance to certain indices.

Total return will be calculated separately for Fortress Shares and Class A Shares. Because Fortress Shares are subject to Rule 12b-1 fees, the total return for Class A Shares, for the same period may exceed that of Fortress Shares.

ADDRESSES

<TABLE>

<S>	<C>	<C>
	World Utility Fund Fortress Shares	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Distributor	Federated Securities Corp.	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Investment Adviser	Federated Management	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Custodian	State Street Bank and Trust Company	P.O. Box 8604 Boston, Massachusetts 02266-8604
Transfer Agent and Dividend Disbursing Agent	Federated Services Company	Federated Investors Tower Pittsburgh, Pennsylvania 15222-3779
Legal Counsel	Houston, Houston & Donnelly	2510 Centre City Tower Pittsburgh, Pennsylvania 15222
Legal Counsel	Dickstein, Shapiro & Morin	2101 L Street, N.W. Washington, D.C. 20037
Independent Auditors	Ernst & Young	One Oxford Centre Pittsburgh, Pennsylvania 15219

</TABLE>

WORLD UTILITY FUND

FORTRESS SHARES
PROSPECTUS

A Diversified Portfolio of
World Investment Series, Inc.,
An Open-End, Management
Investment Company

April 15, 1994

FEDERATED SECURITIES CORP.
(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

FEDERATED INVESTORS TOWER

PITTSBURGH, PA 15222-3779

4021404A-FS (4/94)

WORLD UTILITY FUND

(A PORTFOLIO OF WORLD INVESTMENT SERIES, INC.)

CLASS A SHARES
FORTRESS SHARES
COMBINED STATEMENT OF ADDITIONAL INFORMATION

This Combined Statement of Additional Information should be read with the respective prospectuses for Class A Shares and Fortress Shares of World Utility Fund (the "Fund") dated April 15, 1994. This Combined Statement is not a prospectus itself. To receive a copy of either prospectus, write or call the Fund.

FEDERATED INVESTORS TOWER
PITTSBURGH, PENNSYLVANIA 15222-3776

Statement dated April 15, 1994

FEDERATED SECURITIES CORP.
(LOGO)

Distributor

A subsidiary of FEDERATED INVESTORS

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GENERAL INFORMATION ABOUT THE FUND

The Fund is a portfolio in World Investment Series, Inc. (the "Corporation") which was established as a corporation under the laws of the state of Maryland on January 25, 1994.

Shares of the Fund are offered in two classes, known as Class A Shares and Fortress Shares (individually and collectively referred to as "Shares," as the context may require). This combined statement of additional information relates to both classes of the above mentioned Shares.

INVESTMENT OBJECTIVE AND POLICIES

The Fund's investment objective is to provide total return.

TYPES OF INVESTMENTS

The Fund will seek to achieve its investment objective by investing at least 65% of its total assets in securities issued by domestic and foreign companies in the utilities industries. The Fund may also purchase fixed income securities and foreign government securities; enter into forward commitments, repurchase agreements, and, without limit, foreign currency transactions; and maintain reserves in foreign or U.S. money market instruments.

WHEN-ISSUED AND DELAYED DELIVERY TRANSACTIONS

These transactions are made to secure what is considered to be an advantageous price and yield for the Fund. Settlement dates may be a month or more after entering into these transactions, and the market values of the securities purchased may vary from the purchase prices.

No fees or other expenses, other than normal transaction costs, are incurred. However, liquid assets of the Fund sufficient to make payment for the securities to be purchased are segregated on the Fund's records at the trade date. These assets are marked to market daily and maintained until the transaction is settled. As a matter of policy, the Fund does not intend to engage in when-issued and delayed delivery transactions to an extent that would cause the segregation of more than 20% of the total value of its assets.

REPURCHASE AGREEMENTS

The Fund or its custodian will take possession of the securities subject to repurchase agreements, and these securities will be marked to market daily. To the extent that the original seller does not repurchase the securities from the Fund, the Fund could receive less than the repurchase price on any sale of such securities. In the event that such a defaulting seller filed for bankruptcy or became insolvent, disposition of such securities by the Fund might be delayed pending court action. The Fund believes that under the regular procedures normally in effect for custody of the Fund's portfolio securities subject to repurchase agreements, a court of competent jurisdiction would rule in favor of the Fund and allow retention or disposition of such securities. The Fund will only enter into repurchase agreements with banks and other recognized financial institutions, such as broker/dealers which are deemed by the Fund's adviser or sub-adviser to be creditworthy.

LENDING PORTFOLIO SECURITIES

In order to generate additional income, the Fund may lend its portfolio

securities to broker-dealers, banks, or other institutional borrowers of securities. The Fund will only enter into loan arrangements with broker-dealers, banks, or other institutions which the investment adviser or sub-adviser have determined are creditworthy under guidelines established by the Corporation's Board of Directors and will receive collateral equal to at least 100% of the value of the securities loaned. The Fund does not intend to lend portfolio securities in the current fiscal year.

The collateral received when the Fund lends portfolio securities must be valued daily and, should the market value of the loaned securities increase, the borrower must furnish additional collateral to the Fund. During the time portfolio securities are on loan, the borrower pays the Fund any dividends or interest paid on such securities. Loans are subject to termination at the option of the Fund or the borrower. The Fund may pay reasonable administrative and custodial fees in connection with a loan and may pay a negotiated portion of the interest earned on the cash or equivalent collateral to the borrower or placing broker. The Fund does not have the right to vote securities on loan, but would terminate the loan and regain the right to vote if that were considered important with respect to the investment.

PORTFOLIO TURNOVER

It is not anticipated that the portfolio trading engaged in by the Fund will result in its annual rate of portfolio turnover exceeding 100%. The Fund's Investment Adviser does not anticipate that portfolio turnover will result in adverse tax consequences. However, relatively high portfolio turnover may result in high transaction costs to the Fund.

INVESTMENT LIMITATIONS

LENDING CASH OR SECURITIES

The Fund will not lend any of its assets except portfolio securities up to one-third of the value of its total assets. This shall not prevent the purchase or holding of corporate bonds, debentures, notes, certificates of indebtedness or other debt securities of an issuer, repurchase agreements, or other transactions which are permitted by the Fund's investment objective and policies.

DIVERSIFICATION OF INVESTMENTS

With respect to 75% of the value of its total assets, the Fund will not purchase securities of any one issuer (other than cash, cash items, or securities issued or guaranteed by the government of the United States or its agencies or instrumentalities) if as a result more than 5% of the value of its total assets would be invested in the securities of that issuer, and the Fund will not acquire more than 10% of the outstanding voting securities of any one issuer.

CONCENTRATION OF INVESTMENTS

The Fund will not invest more than 25% of its total assets in securities of issuers having their principal business activities in one industry, except the utilities industry.

ISSUING SENIOR SECURITIES AND BORROWING MONEY

The Fund will not issue senior securities except that the Fund may borrow money and engage in reverse repurchase agreements in amounts up to one-third of the value of its total assets, including the amount borrowed. The Fund will not borrow money or engage in reverse repurchase agreements for investment leverage, but rather as a temporary, extraordinary, or emergency measure to facilitate management of the portfolio by enabling the Fund to meet redemption requests when the liquidation of portfolio securities is deemed to be inconvenient or disadvantageous. The Fund will not purchase any securities while borrowings exceed 5% of the value of its total assets are outstanding.

PLEDGING SECURITIES

The Fund will not mortgage, pledge, or hypothecate securities, except when necessary for permissible borrowings. In those cases, it may pledge assets having a value of 15% of its assets taken at cost.

BUYING ON MARGIN

The Fund will not purchase any securities on margin but may obtain such short-term credits as may be necessary for clearance of purchases and sales of securities.

UNDERWRITING

The Fund will not underwrite or participate in the marketing of securities of other issuers, except as it may be deemed to be an underwriter under federal securities law in connection with the disposition of its portfolio securities.

INVESTING IN REAL ESTATE

The Fund will not invest in real estate or real estate limited partnerships, although it may invest in securities secured by real estate or interests in real estate or issued by companies, including real estate investment trusts, which invest in real estate or interests therein.

INVESTING IN COMMODITIES

The Fund will not purchase or sell commodities, commodity contracts, or commodity futures contracts except that the Fund may purchase or sell forward contracts with respect to foreign securities or currencies.

LENDING CASH OR SECURITIES

The Fund will not lend any assets except portfolio securities in an amount up to one-third of the value of its total assets. This shall not prevent the purchase or holding of bonds, debentures, notes, certificates of indebtedness, or other debt securities of an issuer, repurchase agreements or other transactions which are permitted by the Fund's investment objective and policies or its Articles of Incorporation.

Except as noted, the above investment limitations cannot be changed without shareholder approval. The following limitations, however, may be changed by the Directors without shareholder approval. Except as noted, shareholders will be notified before any material change in these limitations becomes effective.

INVESTING IN MINERALS

The Fund will not invest in interests in oil, gas, or other mineral exploration or development programs or leases, other than debentures or equity stock interests.

PURCHASING SECURITIES TO EXERCISE CONTROL

The Fund will not purchase securities of a company for purpose of exercising control or management.

INVESTING IN WARRANTS

The Fund will not invest more than 5% of its assets in warrants, including those acquired in units or attached to other securities. To comply with certain state restrictions, the Fund will limit its investment in such warrants not listed on recognized stock exchanges to 2% of its total assets. (If state restrictions change, this latter restriction may be revised without notice to shareholders.) For purposes of this investment restriction, warrants acquired by the Fund in units or attached to securities may be deemed to be without value.

INVESTING IN SECURITIES OF OTHER INVESTMENT COMPANIES

The Fund will not own more than 3% of the total outstanding voting stock of any investment company, invest more than 5% of its total assets in any investment company, or invest more than 10% of its total assets in investment companies in general. The Fund will purchase securities of closed-end investment companies only in open-market transactions involving only customary broker's commissions. However, these limitations are not applicable if the securities are acquired in a merger, consolidation, reorganization, or acquisition of assets.

The Fund will limit its investment in other investment companies to those with a sales charge of less than 1% that have investment objectives and policies similar to its own. While it is the Fund's policy to waive its investment advisory fee on assets invested in securities of open-end investment companies, it should be noted that investment companies incur certain expenses such as custodian and transfer agent fees, and, therefore, any investment by the Fund in shares of another investment company would be subject to such duplicate expenses.

INVESTING IN NEW ISSUERS

The Fund will not invest more than 5% of the value of its total assets in securities of issuers which have records of less than three years of

continuous operations, including the operation of any predecessor.

INVESTING IN ILLIQUID SECURITIES

The Fund will not invest more than 15% of the value of its net assets in illiquid securities, including securities not determined by the Board of Directors to be liquid, and repurchase agreements with maturities longer than seven days after notice.

INVESTING IN RESTRICTED SECURITIES

The Fund will not invest more than 5% of its net assets in securities subject to restriction on resale under federal securities law, except for Section 4(2) commercial paper and other restricted securities deemed to be liquid under criteria established by the Board of Directors.

PUTS AND CALLS

The Fund will not write call options on securities unless the securities are held in the Fund's portfolio or unless the Fund is entitled to them in deliverable form without further payment or after segregating cash in the amount of any further payment. The Fund's investment in put or call options, straddles, spreads, or any combination thereof shall not exceed 5% of the Fund's total assets.

INVESTING IN ISSUERS WHOSE SECURITIES ARE OWNED BY OFFICERS AND DIRECTORS OF THE CORPORATION

The Fund will not purchase or retain the securities of any issuer if the officers and Directors of the Corporation or its investment adviser owning individually more than 1/2 of 1% of the issuer's securities together own more than 5% of the issuer's securities.

Except with respect to borrowing money, if a percentage limitation is adhered to at the time of investment, a later increase or decrease in percentage resulting from any change in value or net assets will not result in a violation of such restriction. For purposes of its policies and limitations, the Fund considers certificates of deposit and demand and time deposits issued by a U.S. branch of a domestic bank or savings and loan having capital, surplus, and individual profits in excess of \$100,000,000 at the time of investment to be "cash items."

The Fund does not intend to borrow money, pledge securities, or invest in securities of other investment companies in excess of 5% of the value of its total assets during the coming fiscal year. In addition, in order to comply with investment restrictions of certain states, the Fund will not invest more than 10% of its total assets in the securities of one or more real estate investment trusts.

The Fund reserves the right to convert to a master/feeder arrangement. The Fund's portfolio may, notwithstanding any investment policy or limitation, invest all of its assets in the securities of a single open-end management investment company with substantially the same investment objectives, policies and limitations as the Fund.

THE FUNDS

"The Funds" and "Funds" mean the following investment companies: A. T. Ohio Tax-Free Money Fund; American Leaders Fund, Inc.; Annuity Management Series; Automated Cash Management Trust; Automated Government Money Trust; BankSouth Select Funds; The Boulevard Funds; California Municipal Cash Trust; Cash Trust Series II; Cash Trust Series, Inc.; DG Investor Series; Edward D. Jones & Co. Daily Passport Cash Trust; FT Series, Inc.; Federated ARMs Fund; Federated Exchange Fund, Ltd.; Federated GNMA Trust; Federated Government Trust; Federated Growth Trust; Federated High Yield Trust; Federated Income Securities Trust; Federated Income Trust; Federated Index Trust; Federated Intermediate Government Trust; Federated Master Trust; Federated Municipal Trust; Federated Short-Intermediate Government Trust; Federated Short-Term U.S. Government Trust; Federated Stock Trust; Federated Tax-Free Trust; Federated U.S. Government Bond Fund; First Priority Funds; Fixed Income Securities, Inc.; Fortress Adjustable Rate U.S. Government Fund, Inc.; Fortress Municipal Income Fund, Inc.; Fortress Utility Fund, Inc.; Fund for U.S. Government Securities, Inc.; Government Income Securities, Inc.; High Yield Cash Trust; Insight Institutional Series, Inc.; Insurance Management Series; Intermediate Municipal Trust; Investment Series Funds, Inc.; Investment Series Trust; Liberty Equity Income Fund, Inc.; Liberty High Income Bond Fund, Inc.; Liberty Municipal Securities Fund, Inc.; Liberty U.S. Government Money Market Trust; Liberty Term Trust, Inc.-1999; Liberty Utility Fund, Inc.; Liquid Cash Trust; Mark Twain Funds; Money Market Management, Inc.; Money Market Obligations Trust; Money Market Trust; Municipal

Securities Income Trust; New York Municipal Cash Trust; 111 Corcoran Funds; The Planters Funds; Portage Funds; RIMCO Monument Funds; The Shawmut Funds; Short-Term Municipal Trust; Signet Select Funds; Star Funds; The Starburst Funds; The Starburst Funds II; Stock and Bond Fund, Inc.; Sunburst Funds; Targeted Duration Trust; Tax-Free Instruments Trust; Trademark Funds; Trust for Financial Institutions; Trust For Government Cash Reserves; Trust for Short-Term U.S. Government Securities; Trust for U.S. Treasury Obligations.

INVESTMENT ADVISORY SERVICES

ADVISER TO THE FUND

The Fund's investment adviser is Federated Management. It is a subsidiary of Federated Investors. All of the Class A (voting) shares of Federated Investors are owned by a trust, the trustees of which are John F. Donahue, his wife, and his son, J. Christopher Donahue. John F. Donahue, is Chairman and Trustee, Federated Management, Chairman and Trustee, Federated Investors, and Chairman and Director of the Corporation. John A. Staley, IV, is President and Trustee, Federated Management, Vice President and Trustee, Federated Investors, Executive Vice President, Federated Securities Corp., and Vice President of the Corporation. J. Christopher Donahue, is Trustee, Federated Management, President and Trustee, Federated Investors, President and Director, Federated Administrative Services, and Vice President of the Corporation. John W. McGonigle, is Vice President, Secretary, and Trustee, Federated Management, Vice President, Secretary, General Counsel, and Trustee, Federated Investors, Executive Vice President, Secretary, and Director, Federated Administrative Services, Executive Vice President and Director, Federated Securities Corp., and Vice President and Secretary of the Corporation.

The adviser shall not be liable to the Fund, the Corporation or any shareholder of the Fund for any losses that may be sustained in the purchase, holding, or sale of any security or for anything done or omitted by it, except acts or omissions involving willful misfeasance, bad faith, gross negligence, or reckless disregard of the duties imposed upon it by its contract with the Corporation.

ADVISORY FEES

For its advisory services, Federated Management receives an annual investment advisory fee as described in the prospectus.

STATE EXPENSE LIMITATION

The adviser has undertaken to comply with the expense limitation established by certain states for investment companies whose shares are registered for sale in those states. If the Fund's normal operating expenses (including the investment advisory fee, but not including brokerage commissions, interest, taxes, and extraordinary expenses) exceed 2 1/2% per year of the first \$30 million of average net assets, 2% per year of the next \$70 million of average net assets, and 1 1/2% per year of the remaining average net assets, the adviser will reimburse the Fund for its expenses over the limitation.

If the Fund's monthly projected operating expenses exceed this limitation, the investment advisory fee paid will be reduced by the amount of the excess, subject to an annual adjustment. If the expense limitation is exceeded, the amount to be reimbursed by the adviser will be limited, in any fiscal year, by the amount of the investment advisory fee.

This arrangement is not part of the advisory contract and may be amended or rescinded in the future.

ADMINISTRATIVE SERVICES

Federated Administrative Services, a subsidiary of Federated Investors, provides administrative personnel and services to the Fund for a fee as described in the prospectus. John A. Staley, IV, an officer of the Corporation and Dr. Henry J. Gailliot, an officer of Federated Management, the adviser to the Fund, each hold approximately 15% and 20%, respectively, of the outstanding common stock and serve as directors of Commercial Data Services, Inc., a company which provides computer processing services to Federated Administrative Services.

BROKERAGE TRANSACTIONS

The adviser may select brokers and dealers who offer brokerage and research

services. These services may be furnished directly to the Fund or to the adviser and may include:

- - advice as to the advisability of investing in securities;
- - security analysis and reports;
- - economic studies;
- - industry studies;
- - receipt of quotations for portfolio evaluations; and
- - similar services.

The adviser and its affiliates exercise reasonable business judgment in selecting brokers who offer brokerage and research services to execute securities transactions. They determine in good faith that commissions charged by such person are reasonable in relationship to the value of the brokerage and research services provided.

Research services provided by brokers may be used by the adviser or by affiliates of Federated Investors in advising Federated Funds and other accounts. To the extent that receipt of these services may supplant services for which the adviser or its affiliates might otherwise have paid, it would tend to reduce their expenses.

PURCHASING SHARES

Except under certain circumstances described in the prospectus, Shares are sold at their net asset value plus a sales charge on days the New York Stock Exchange is open for business. The procedure for purchasing Shares is explained in the respective prospectus under "Investing in Class A Shares" or "Investing in Fortress Shares."

DISTRIBUTION OF SHARES

Federated Securities Corp. is the principal distributor for Shares of the Fund.

DISTRIBUTION AND SHAREHOLDER SERVICES PLANS

These arrangements permit the payment of fees to Financial Institutions, the distributor, and Federated Shareholder Services, to stimulate distribution activities and to cause services to be provided to shareholders by a representative who has knowledge of the shareholder's particular circumstances and goals. These activities and services may include, but

are not limited to, marketing efforts; providing office space, equipment, telephone facilities, and various clerical, supervisory, computer, and other personnel as necessary or beneficial to establish and maintain shareholder accounts and records; processing purchase and redemption transactions and automatic investments of client account cash balances; answering routine client inquiries; and assisting clients in changing dividend options, account designations, and addresses.

With respect to Fortress Shares of the Fund, by adopting the Distribution Plan, the Board of Directors expects that the Fund will be able to achieve a more predictable flow of cash for investment purposes and to meet redemptions. This will facilitate more efficient portfolio management and assist the Fund in pursuing its investment objectives. By identifying potential investors whose needs are served by the Fund's objectives, and properly servicing these accounts, it may be possible to curb sharp fluctuations in rates of redemptions and sales.

Other benefits, which may be realized under either arrangement, may include: (1) providing personal services to shareholders; (2) investing shareholder assets with a minimum of delay and administrative detail; and (3) enhancing shareholder recordkeeping systems; and (4) responding promptly to shareholders' requests and inquiries concerning their accounts.

CONVERSION TO FEDERAL FUNDS

It is the Fund's policy to be as fully invested as possible so that maximum interest may be earned. To this end, all payments from shareholders must be in federal funds or be converted into federal funds before shareholders begin to earn dividends. State Street Bank acts as the shareholder's agent in depositing checks and converting them to federal funds.

PURCHASES BY SALES REPRESENTATIVES, DIRECTORS OF THE CORPORATION, AND EMPLOYEES

Directors, employees, and sales representatives of the Fund, Federated Management, and Federated Securities Corp. or their affiliates, or any investment dealer who has a sales agreement with Federated Securities Corp., and their spouses and children under 21, may buy Shares at net asset value without a sales charge or redemption fees. Shares may also be sold without a sales charge to trusts or pension or profit-sharing plans for these persons.

These sales are made with the purchaser's written assurance that the purchase is for investment purposes and that the securities will not be resold except through redemption by the Fund.

EXCHANGING SECURITIES FOR FUND SHARES

Investors may exchange securities they already own for Shares, or they may exchange a combination of securities and cash for Shares. Any securities to be exchanged must meet the investment objective and policies of the Fund, must have readily ascertainable market value, must be liquid, and must not be subject to restrictions on resale.

The Fund will prepare a list of securities which are eligible for acceptance and furnish this list to brokers upon request. The Fund reserves the right to reject any security, even though it appears on the list, and the right to amend the list of acceptable securities at any time without notice to brokers or investors.

An investment broker acting for an investor should forward the securities in negotiable form with an authorized letter of transmittal to Federated Securities Corp. Federated Securities Corp. will determine that transmittal papers are in good order and forward to the Fund's custodian, State Street Bank. The Fund will notify the broker of its acceptance and valuation of the securities within five business days of their receipt by State Street Bank.

The Fund values such securities in the same manner as the Fund values its portfolio securities. The basis of the exchange will depend upon the net asset value of Shares on the day the securities are valued. One Share will be issued for each equivalent amount of securities accepted.

Any interest earned on the securities prior to the exchange will be considered in valuing the securities. All interest, dividends, subscription, conversion, or other rights attached to the securities become the property of the Fund, along with the securities.

TAX CONSEQUENCES

Exercise of this exchange privilege is treated as a sale for federal income tax purposes. Depending upon the cost basis of the securities exchanged for Shares, a gain or loss may be realized by the investor.

DETERMINING NET ASSET VALUE

Net asset value generally changes each day. The days on which net asset value is calculated by the Fund are described in the respective prospectuses.

DETERMINING MARKET VALUE OF SECURITIES

Market or fair values of the Fund's portfolio securities are determined as follows:

- - according to the last reported sale price on a recognized securities exchange, if available. (If a security is traded on more than one exchange, the price on the primary market for that security, as determined by the adviser, is used.);
- - according to the last reported bid price, if no sale on the recognized exchange is reported or if the security is traded over-the-counter;
- - at fair value as determined in good faith by the Corporation's Board of Directors; or
- - for short-term obligations with remaining maturities of less than 60 days at the time of purchase, at amortized cost, which approximates value.

Prices provided by independent pricing services may be determined without relying exclusively on quoted prices and may consider: institutional trading in similar groups of securities; yield; quality; coupon rate; maturity; type of issue; trading characteristics; and other market data.

TRADING IN FOREIGN SECURITIES

Trading in foreign securities may be completed at times which vary from the closing of the New York Stock Exchange. In computing the net asset value, the Fund values foreign securities at the latest closing price on the exchange on which they are traded immediately prior to the closing of the New York Stock Exchange. Certain foreign currency exchange rates may also be determined at the latest rate prior to the closing of the New York Stock Exchange. Foreign securities quoted in foreign currencies are translated into U.S. dollars at current rates. Occasionally, events that affect these values and exchange rates may occur between the times at which they are determined and the closing of the New York Stock Exchange. If such events materially affect the value of portfolio securities, these securities may be valued at their fair value as determined in good faith by the Board of Directors, although the actual calculation may be done by others.

EXCHANGE PRIVILEGE (FORTRESS SHARES ONLY)

This section relates only to Fortress Shares of the Fund. For information regarding the Exchange Privilege for Class A Shares of the Fund, please see the prospectus for Class A Shares.

The Securities and Exchange Commission has issued an order exempting the Fund from certain provisions of the Investment Company Act of 1940. As a result, Fund shareholders are allowed to exchange all or some of their shares for shares in other Fortress Funds or certain Federated Funds which are sold with a sales charge different from that of the fund or with no sales charge and which are advised by subsidiaries or affiliates of Federated Investors. These exchanges are made at net asset value plus the difference between the Fund's sales charge already paid and any sales charge of the fund into which the Shares are to be exchanged, if higher.

The order also allows certain other funds, including funds that are not advised by subsidiaries or affiliates of Federated Investors, which do not have a sales charge, to exchange their shares for Shares on a basis other than the current offering price. These exchanges may be made to the extent that such shares were acquired in a prior exchange, at net asset value, for shares of a Federated Fund carrying a sales charge.

REDUCED SALES CHARGE

If a shareholder making such an exchange qualifies for a reduction or elimination of the sales charge, the shareholder must notify Federated Securities Corp.

REQUIREMENTS FOR EXCHANGE

Shareholders using this privilege must exchange Shares having a net asset value which at least meets the minimum investment required for the fund into which the exchange is being made. Before the exchange, the shareholder must receive a prospectus of the fund for which the exchange is being made.

This privilege is available to shareholders resident in any state in which the fund shares being acquired may be sold. Upon receipt of proper instructions and required supporting documents, Shares submitted for exchange are redeemed and the proceeds invested in shares of the other fund.

Further information on the exchange privilege and prospectuses for Fortress Funds or certain Federated Funds are available by calling the Fund.

TAX CONSEQUENCES

Exercise of this exchange privilege is treated as a sale for federal income tax purposes. Depending on the circumstances, a short-term or long-term capital gain or loss may be realized.

MAKING AN EXCHANGE

Instructions for exchanges for Fortress Funds or certain Federated Funds may be given in writing or by telephone. Written instructions may require a signature guarantee.

REDEEMING SHARES

The Fund redeems Shares at the next computed net asset value after the Fund receives the redemption request. Shareholder redemptions may be subject to a contingent deferred sales charge. Redemption procedures are explained in the respective prospectuses under "Redeeming Class A Shares" and "Redeeming Fortress Shares." Although the transfer agent does not charge for telephone redemptions,

it reserves the right to charge a fee for the cost of wire-transferred redemptions of less than \$5,000.

Since portfolio securities of the Fund may be traded on foreign exchanges which trade on Saturdays or on holidays on which the Fund will not make redemptions, the net asset value each class of Shares of the Fund may be significantly affected on days when shareholders do not have an opportunity to redeem their Shares.

Fortress Shares redeemed within one to four years of purchase may be subject to a contingent deferred sales charge. The amount of the contingent deferred sales charge is based upon the amount of the administrative fee paid at the time of purchase by the distributor to the financial institution for services rendered, and the length of time the investor remains a shareholder in the Fund. Should financial institutions elect to receive an amount less than the administrative fee that is stated in the prospectus for servicing a particular shareholder, the contingent deferred sales charge and/or holding period for that particular shareholder will be reduced accordingly.

REDEMPTION IN KIND

Although the Corporation intends to redeem Shares in cash, it reserves the right under certain circumstances to pay the redemption price in whole or in part by a distribution of securities from the Fund's portfolio.

Redemption in kind will be made in conformity with applicable Securities and Exchange Commission rules, taking such securities at the same value employed in determining net asset value and selecting the securities in a manner the Directors determine to be fair and equitable.

The Corporation has elected to be governed by Rule 18f-1 of the Investment Company Act of 1940 under which the Corporation is obligated to redeem Shares for any one shareholder in cash only up to the lesser of \$250,000 or 1% of the Corporation's net asset value during any 90-day period.

TAX STATUS

THE FUND'S TAX STATUS

The Fund will pay no federal income tax because it expects to meet the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to receive the special tax treatment afforded to such companies. To qualify for this treatment, the Fund must, among other requirements:

- - derive at least 90% of its gross income from dividends, interest, and gains from the sale of securities;
- - derive less than 30% of its gross income from the sale of securities held less than three months;
- - invest in securities within certain statutory limits; and
- - distribute to its shareholders at least 90% of its net income earned during the year.

However, the Fund may invest in the stock of certain foreign corporations which would constitute a Passive Foreign Investment Company (PFIC). Federal income taxes may be imposed on the Fund upon disposition of PFIC investments.

UNITED KINGDOM TAXES

The adviser currently understands that an investment company such as the Fund is not taxable under the laws of the United Kingdom as long as the adviser follows certain operating procedures. To comply with these procedures, the adviser will make all investment decisions for the Fund and execute all portfolio transactions outside the United Kingdom.

SHAREHOLDERS' TAX STATUS

Shareholders are subject to federal income tax on dividends and capital gains received as cash or additional Shares. The Fund's dividends, and any short-term capital gains, are taxable as ordinary income.

CAPITAL GAINS

Shareholders will pay federal tax at capital gains rates on long-term capital gains distributed to them regardless of how long they have held the Fund Shares.

TOTAL RETURN

The average annual total return for both classes of shares of the Fund is the average compounded rate of return for a given period that would equate a \$1,000 initial investment to the ending redeemable value of that investment. The ending redeemable value is computed by multiplying the number of Shares owned at the end of the period by the net asset value per Share at the end of the period. The number of Shares owned at the end of the period is based on the number of Shares purchased at the beginning of the period with \$1,000, less any applicable sales load, adjusted over the period by any additional Shares, assuming the annual reinvestment of all dividends and distributions. Any applicable contingent deferred sales charge is deducted from the ending value of the investment based on the lesser of the original purchase price or the net asset value of Shares redeemed. Occasionally, total return which does not reflect the effect of the sales load may be quoted in advertising.

YIELD

The yield for both classes of Shares of the Fund is determined each day by dividing the net investment income per share (as defined by the Securities and Exchange Commission) earned by either class of Shares over a thirty-day period by the maximum offering price per share of the respective class on the last day of the period. This value is then annualized using semi-annual compounding. This means that the amount of income generated during the thirty-day period is assumed to be generated each month over 12-month period and is reinvested every six months. The yield does not necessarily reflect income actually earned by the Fund because of certain adjustments required by the Securities and Exchange Commission and therefore, may not correlate to the dividends or other distributions paid to the shareholders.

To the extent that financial institutions and broker/dealers charge fees in connection with services provided in conjunction with an investment in either class of Shares, the performance will be reduced for those shareholders paying those fees.

PERFORMANCE COMPARISONS

The Fund's performance of both classes of Shares depends upon such variables as:

- - portfolio quality;
- - average portfolio maturity;
- - type of instruments in which the portfolio is invested;
- - changes in interest rates on money market instruments;
- - changes in the Fund's or either class of Shares' expenses; and
- - various other factors.

Investors may use financial publications and/or indices to obtain a more complete view of the Fund's performance. When comparing performance, investors should consider all relevant factors such as the composition of any index used, prevailing market conditions, portfolio comparisons of other funds, and methods used to value portfolio securities and compute net asset value. The financial publications and/or indices which the Fund uses in advertising may include:

- - LIPPER ANALYTICAL SERVICES, INC. ranks funds in various fund categories by making comparative calculations using total return. Total return assumes the reinvestment of all capital gains distributions and income dividends and takes into account any change in net asset value over a specific period of time.
- - EUROPE, AUSTRALIA, AND FAR EAST (EAFE) is a market capitalization weighted foreign securities index, which is widely used to measure the performance of European, Australian, New Zealand and Far Eastern stock markets. The index covers approximately 1,020 companies drawn from 18 countries in the above regions. The index values its securities daily in both U.S. dollars and local currency and calculates total returns monthly. EAFE U.S. dollar total return is a net dividend figure less Luxembourg withholding tax. The EAFE is monitored by Capital International, S.A., Geneva, Switzerland.

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- - STANDARD & POOR'S DAILY STOCK PRICE INDEX OF 500 COMMON STOCKS, a composite index of common stocks in industry, transportation, and financial and public utility companies, can be used to compare to the total returns of funds whose portfolios are invested primarily in common stocks. In addition, the Standard

& Poor's index assumes reinvestments of all dividends paid by stocks listed on its index. Taxes due on any of these distributions are not included, nor are brokerage or other fees calculated in Standard & Poor's figures.

- - MORNINGSTAR, INC., an independent rating service, is the publisher of the bi-weekly Mutual Fund Values. Mutual Fund Values rates more than 1,000 NASDAQ-listed mutual funds of all types according to their risk-adjusted returns. The maximum rating is five stars, and ratings are effective for two weeks.
- - DOW JONES COMPOSITE AVERAGE or its component averages--an unmanaged index composed of 30 blue-chip industrial corporation stocks (Dow Jones Industrial Average), 15 utilities company stocks (Dow Jones Utilities Average), and 20 transportation company stocks. Comparisons of performance assume reinvestment of dividends.
- - DOW JONES WORLD INDUSTRY INDEX or its component indices, including, among others, the utility sector.
- - STANDARD & POOR'S 500 STOCK INDEX or its component indices--an unmanaged index composed of 400 industrial stocks, 40 financial stocks, 40 utilities stocks, and 20 transportation stocks. Comparisons of performance assume reinvestment of dividends.
- - THE NEW YORK STOCK EXCHANGE composite or component indices--unmanaged indices of all industrial, utilities, transportation, and finance stocks listed on the New York Stock Exchange.
- - FINANCIAL TIMES ACTUARIES INDICES--including the FTA-World Index (and components thereof), which are based on stocks in major world equity markets.
- - LIPPER-MUTUAL FUND PERFORMANCE ANALYSIS AND LIPPER-FIXED INCOME FUND PERFORMANCE ANALYSIS--measure of total return and average current yield for the mutual fund industry. Rank individual mutual fund performance over specified time periods, assuming reinvestment of all distributions, exclusive of any applicable sales charges.
- - VALUE LINE MUTUAL FUND SURVEY, published by Value Line Publishing, Inc.--analyzes price, yield, risk, and total return for equity and fixed income mutual funds.
- - MUTUAL FUND SOURCE BOOK, published by Morningstar, Inc.--analyzes price, yield, risk, and total return for equity and fixed income funds.
- - CDA MUTUAL FUND REPORT, published by CDA Investment Technologies, Inc.--analyzes price, current yield, risk, total return, and average rate of return (average annual compounded growth rate) over specified time periods for the mutual fund industry.
- - VALUE LINE INDEX--an unmanaged index which follows the stocks of approximately 1,700 companies.
- - WILSHIRE 5000 EQUITY INDEX--represents the return on the market value of all common equity securities for which daily pricing is available. Comparisons of performance assume reinvestment of dividends.
- - HISTORICAL DATA supplied by the research departments of First Boston Corporation, the J. P. Morgan companies, Salomon Brothers, Merrill Lynch, Pierce, Fenner & Smith, Smith Barney Shearson and Bloomberg L.P.
- - FINANCIAL PUBLICATIONS: The Wall Street Journal, Business Week, Changing Times, Financial World, Forbes, Fortune and Money magazines, among others--provide performance statistics over specified time periods.
- - MORGAN STANLEY CAPITAL INTERNATIONAL WORLD INDICES, including, among others, the Morgan Stanley Capital International Europe, Australia, Far East Index ("EAFE Index"). The EAFE index is an unmanaged index of more than 1,000 companies of Europe, Australia and the Far East.
- - CONSUMER PRICE INDEX (OR COST OF LIVING INDEX), published by the U.S. Bureau of Labor Statistics--a statistical measure of change, over time, in the price of goods and services in major expenditure groups.

Advertisements and sales literature for both classes of shares may quote total returns which are calculated on non-standardized base periods. These total returns also represent the historic change in the value of an investment in either class of shares based on annual reinvestment of dividends over a specified period of time.

Advertisements may quote performance information which does reflect the effect of the sales load.

STANDARD & POOR'S CORPORATION ("STANDARD & POOR'S") CORPORATE BOND RATINGS
DEFINITIONS

AAA--Debt rated AAA has the highest rating assigned by Standard & Poor's. Capacity to pay interest and repay principal is extremely strong.

AA--Debt rated AA has a very strong capacity to pay interest and repay principal and differs from the higher rated issues only in small degree.

A--Debt rated A has a strong capacity to pay interest and repay principal although it is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than debt in higher rated categories.

BBB--Debt rated BBB is regarded as having an adequate capacity to pay interest and repay principal. Whereas it normally exhibits adequate protections parameters, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity to pay interest and repay principal for debt in this category than in higher rated categories.

BB, B, CCC--Debt rated BB, B, and CCC is regarded, on balance, as predominantly speculative with respect to capacity to pay interest and repay principal in accordance with the terms of the obligation. BB indicates the lowest degree of speculation and CCC the highest degree of speculation. While such debt will likely have some quality and protective characteristics, they are outweighed by large uncertainties of major risk exposures to adverse conditions.

MOODY'S INVESTORS SERVICE, INC. ("MOODY'S") CORPORATE BOND RATINGS

AAA--Bonds which are rated Aaa are judged to be of best quality. They carry the smallest degree of investment risk and are generally referred to as "gilt edge." Interest payments are protected by a large or by an exceptionally stable margin and principal is secure. While the various protective elements are likely to change, such changes as can be visualized are most unlikely to impair the fundamentally strong position of such issues.

AA--Bonds which are rated Aa are judged to be of high quality by all standards. Together with the Aaa group they comprise what are generally known as high grade bonds. They are rated lower than the best bonds because margins of protection may not be as large as in Aaa securities or fluctuations of protective elements may be of greater amplitude or there may be other elements present which make the long term risks appear somewhat larger than in Aaa securities.

A--Bonds which are rated A possess many favorable investment attributes and are considered as upper medium grade obligations. Factors giving security to principal and interest are considered adequate but elements may be present which suggest a susceptibility to impairment sometime in the future.

BAA--Bonds which are rated Baa are considered as medium grade obligations, i.e., they are neither highly protected nor poorly secured. Interest payments and principal security appear adequate for the present but certain protective elements may be lacking or may be characteristically unreliable over any great length of time. Such bonds lack outstanding investment characteristics and in fact have speculative characteristics as well.

BA--Bonds which are rated Ba are judged to have speculative elements; their future cannot be considered as well-assured. Often the protection of interest and principal payments may be very moderate and thereby not well safeguarded during both good and bad times over the future. Uncertainty of position characterizes bonds in this class.

B--Bonds which are rated B generally lack characteristics of the desirable investment. Assurance of interest and principal payments or of maintenance of other terms of the contract over any long period of time may be small.

CAA--Bonds which are rated Caa are of poor standing. Such issues may be in default or there may be present elements of danger with respect to principal or interest.

STANDARD & POOR'S COMMERCIAL PAPER RATINGS

A-1--This designation indicates that the degree of safety regarding timely payment is either overwhelming or very strong. Those issues determined to possess overwhelming safety characteristics are denoted with a plus (+) sign designation.

MOODY'S COMMERCIAL PAPER RATINGS

P-1--Issuers rated Prime-1 (or related supporting institutions) have a superior capacity for repayment of short-term promissory obligations. Prime-1 repayment

capacity will normally be evidenced by the following characteristics:
conservative capitalization structures with moderate reliance on debt and ample
asset protection; broad margins in earning coverage of fixed financial charges
and high internal cash generation; well-established access to a range of
financial markets and assured sources of alternate liquidity.

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