June 1, 2009

Technical Director
Financial Accounting Standards Board
401 Merrit 7
P.O. Box 5116
Norwalk, CT 06856-5116

Reference File: Proposed FSP 157-f (Comments Submitted Via E-Mail)

Dear Mr. Golden:

MCG Capital Corporation, or MCG, appreciates the opportunity to provide comments in response to proposed *FASB Staff Position FSP 157-f—Measuring Liabilities under FASB Statement No. 157*. MCG believes that the guidance provided in FSP 157-f for determining the fair value of liabilities provides useful direction to companies in the application of *SFAS 157—Fair Value Measurements*.

In addition, we recommend that FASB consider expanding the scope of this project to include *SFAS 159—The Fair Value Option for Financial Assets and Financial Liabilities*. SFAS 159 allowed entities to elect the fair value option for financial assets and liabilities as of the beginning of the entity's first fiscal year that began after November 15, 2007. Once a decision was reached as of the beginning of the effective fiscal year, companies could not change the election, except in unusual circumstances.

As of the beginning of the fiscal year 2008, a decision not to apply the fair value option to a company's financial liabilities may have been a logical decision. However, as the credit markets continued to deteriorate, calendar year companies in certain industries who did not elect the fair value option as of January 1, 2008, now present balance sheets that recognize the asset side of the balance sheet at fair value while basing the liability side of the balance sheet at cost. This divergent valuation may not be reflective of the correlation between the cost of an entity's funding and the pricing of its financial assets. Furthermore, this divergence makes it difficult for financial statement users to perform comparative analyses of financial statements and to definitively ascertain the net fair value of companies. We suggest that the FASB provide a second opportunity for companies to elect to apply the fair value option for financial liabilities.

Thank you for your consideration.

Linda A. Nimmons
Senior Vice President and
Chief Accounting Officer