

Fund Name	Ratings	Share Class	NASDAQ
PRIME			
Federated Prime Cash Obligations Fund	AAA S&P Aaa-mf Moody's AAAmf Fitch NAIC List*	IS	PCOXX
Federated Prime Management Obligations Fund	N/A	IS	PMOXX
Federated Prime Obligations Fund	AAA S&P Aaa-mf Moody's AAAmf Fitch NAIC List*	IS	POIXX
Federated Prime Value Obligations Fund	A-mf Moody's NAIC List*	IS	PVOXX
GOVERNMENT			
Federated Government Obligations Fund	AAA S&P Aaa-mf Moody's AAAmf Fitch NAIC List*	IS	GOIXX
Federated Government Obligations Tax-Managed Fund	AAA S&P Aaa-mf Moody's NAIC List*	IS	GOTXX
TREASURY			
Federated Treasury Obligations Fund	AAA S&P Aaa-mf Moody's NAIC List**	IS	TOIXX
Federated U.S. Treasury Cash Reserves	AAA-G S&P Aaa-mf Moody's NAIC List**	IS	UTIXX
MUNICIPAL			
Federated Municipal Obligations Fund	Ammf Fitch NAIC List*	IS	MOFXX
Federated Tax-Free Obligations Fund	Ammf Fitch Aaa-mf Moody's NAIC List*	IS	TBIXX

Treasury Yields as of 9/30/11	3-Month	6-Month	2-Year	5-Year
	0.02%	0.06%	0.25%	0.96%

Libor Rates as of 9/30/11	1-Month	3-Month	6-Month	1-Year
	0.26%	0.29%	0.46%	0.78%

Past performance is no guarantee of future results.

Month in Cash: Savers get a little—very little—relief

As of 10-03-2011

Continuing a mild uptrend begun a few weeks earlier, short-term interest rates crept higher in September, with the largest moves occurring at the intermediate- and longer-term portions of the London interbank offered rate (Libor) cash curve. Overall, one-year Libor was up 6 basis points to close at 0.87%, six-month Libor jumped 7 basis points to 0.56%, three-month Libor increased by 5 basis points to 0.37%, and one-month Libor rose 2 basis points to finish at 0.24%. Though the increase in Libor rates was relatively modest—and while all cash yields remain extraordinarily low by historical standards—any boost is welcome news for savers. Yields on U.S. Treasury paper remained virtually nonexistent, with four-week Treasury bills finishing at minus 0.01% and one-year Treasuries yielding a mere 0.1%, unchanged from a month earlier.

Though the Fed has committed to holding benchmark interest rates within the current zero to 0.25% range until at least mid-2013, cash yields nonetheless were impacted by two developments. First, concerns that the latest financial aid package for Greece will unravel over demands by some creditors that private investors take “haircuts” and that the Greek government provide collateral created mild stresses in some European interbank funding operations, thus pushing Libor yields higher. Notably, coordinated action by global central banks, including the Fed, pumped massive amounts of dollar liquidity into the European financial system, thus keeping spreads well under the extraordinary levels reached during the financial crisis of 2008.

“Twist” may add upward pressure on cash rates

Also in September, the Fed announced “Operation Twist,” in which it will use proceeds from the sale or maturing of short-term Treasury securities to buy longer-dated government and mortgage-backed debt. The new strategy does not involve expanding the Fed’s balance sheet and was launched in lieu of a third round of a quantitative easing, a policy that has come under heavy political fire as well as growing opposition within the central bank’s rate-setting committee itself. Over time, “twisting” the Fed’s holdings to include fewer short maturities and more longer ones could exert meaningful upward pressure on some cash yields (especially repos) by expanding the supply of near-term paper, which had been severely constricted after the expiration of the Treasury Supplementary Finance Program (SFP) in the first quarter and the conclusion of QE2 purchases in June. Given increased collateral in the market, we are focusing new purchases in callable securities and in those maturing in about six months and under. We also are moving opportunistically to add to our holdings in fixed-rate securities at about the 12-month area of the cash curve.

Looking ahead, we do not believe the U.S. economy is sliding into another recession. Though there has been a pronounced deterioration of consumer and investor sentiment since last spring, the preponderance of “hard” economic data argues for a mild reacceleration of economic growth next year. Still, we take the Fed at its word that benchmark interest rates will not rise until mid-2013 at the earliest, with the timing and speed of future rate hikes dependent upon progress in restoring economic growth and lowering the unemployment rate, as well as keeping inflation under wraps. Though the macroeconomic picture is muddy and tenuous as of this writing, the outlook should become much clearer over the next few months.

Federated knows...

Stability

Ranks as a leading global investment manager with approximately \$350 billion in assets under management,¹ delivering competitive and consistent results since 1955 and fostering growth by reinvesting in the company

Investment Solutions

Offers broad product lines spanning domestic and international equity, fixed income, alternative and money market strategies with the goal of long-term, consistent, competitive performance

Diligence

Takes the long view, believing that doing business the right way over time will present opportunity for future growth

Views are subject to change based on market conditions and other factors. These views should not be construed as a recommendation for any specific security or sector.

London Interbank Offered Rate (Libor): The rate at which banks can borrow funds from other banks in the London interbank market. The Libor is fixed on a daily basis by the British Bankers Association and acts as a benchmark for other short-term interest rates.

The cash-yield curve is a graph showing the comparative yields of securities in a particular class according to maturity. Securities on the long end of the yield curve have longer maturities.

**This fund is on the National Association of Insurance Commissioner's list as a Class 1 listing. This designation denotes that the fund meets certain quality and pricing guidelines such as: a rating of A or better by a Nationally Recognized Statistical Rating Organization (NRSRO), maintains a constant NAV \$1.00 at all times, allows a maximum seven-day redemption of proceeds, invests 95% in U.S. government securities or securities rated in the highest short-term rating category by an NRSRO, or unrated securities determined by the fund's board to be of comparable quality or other registered money market funds or collateralized repurchase agreements with the remaining 5% in Second Tier securities from Rule 2a-7. This is subject to an annual review.*

***This fund is on the National Association of Insurance Commissioner's list as a U.S. Direct Obligations/Full Faith & Credit listing. This designation denotes that the fund meets certain quality and pricing guidelines such as: a rating of AAA or Aaa by a Nationally Recognized Statistical Rating Organization (NRSRO), maintains a constant NAV \$1.00 at all times, allows a maximum seven-day redemption of proceeds, invests 100% in U.S. government securities. This is subject to an annual review.*

¹As of 9/30/11.

An AAAm rating by Standard & Poor's is obtained after S&P evaluates a number of factors, including credit quality, market price exposure, and management. Money market funds rated Aaa-mf by Moody's are judged to be of an investment quality similar to Aaa-rated fixed income obligations, that is, they are judged to be of the best quality. Money funds rated A-mf by Moody's are judged to be of an investment quality similar to A-rated fixed income obligations; that is, they are judged to possess many favorable investment attributes and are considered as upper-medium-grade investment vehicles. Fitch's money market ratings are an assessment of the safety of invested principal and the ability to maintain a stable value of the fund's shares. Ratings are based on an evaluation of several factors, including credit quality, diversification, and maturity of assets in the portfolio, as well as management and operation capabilities. Ratings are subject to change and do not remove market risk. For more information on credit ratings, visit standardandpoors.com, v3.moody.com and fitchratings.com.

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

This must be preceded or accompanied by a prospectus for the funds named. Income from municipal funds may be subject to the federal alternative minimum tax and state and local taxes.

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