

Federated Launches Enhanced Treasury Income Closed-End Fund

- Integrated strategy seeks current income and total return
- Fund raises \$178.0 million in its common share offering
- Fund began trading today (NYSE: FTT)

(PITTSBURGH, PA, January 27, 2010) – Federated Investors, Inc. (NYSE: FII), one of the largest investment managers in the United States, announced today that it has successfully completed the initial public offering of Federated Enhanced Treasury Income Fund. The fund employs an integrated U.S. Treasury-based strategy with an option writing strategy and a duration management overlay in order to provide the potential for current income and total return. The fund began trading on the New York Stock Exchange today under the symbol FTT.

The fund raised \$178.0 million at an initial price of \$20.00 per share in its common share public offering. Assets may increase to \$203.6 million, assuming the full exercise of the underwriters' over-allotments, which may or may not occur.

Federated is responsible for the fund's overall investment program, developing and monitoring the call option strategy and executing the transactions to implement the fund's duration strategy. Dix Hills Partners, LLC serves as the fund's sub-adviser and is responsible for providing advice on the fund's duration strategy by managing interest rate exposure to seek to enhance the fund's total return.

"In the wake of recent economic challenges, investors have continued to seek the safety of U.S. Treasury securities," said J. Christopher Donahue, president and chief executive officer. "And they have also become increasingly concerned about the potentially negative impact of rising interest rates on the value of their fixed-income portfolios. We believe Federated Enhanced Treasury Income Fund complements our strong array of products for investors seeking income from a high quality manager."

The underwriting syndicate included Wells Fargo Securities, LLC; UBS Investment Bank; and Raymond James & Associates, Inc.

The fund will be managed by a team led by Donald T. Ellenberger, senior portfolio manager at Federated. Ellenberger has 23 years of investment experience and is responsible for portfolio management and investment research in the fixed income area, concentrating on government/mortgage-backed securities. The fund's

duration management strategy will be led by Joseph A. Baggett, chief investment officer and co-founder of Dix Hills. Baggett has 20 years of industry experience, focused on fixed-income research and portfolio management.

Federated Investors, Inc. is one of the largest investment managers in the United States, managing \$392.3 billion in assets as of Sept. 30, 2009. With 150 funds, as well as a variety of separately managed account options, Federated provides comprehensive investment management worldwide to nearly 5,300 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/dealers. For more information, visit **FederatedInvestors.com**.

Dix Hills Partners LLC is an SEC-registered investment adviser and is a member of the National Futures Association and CFTC registered Commodity Trading Adviser (CTA), managing over \$800 million in overall assets as of Oct. 31, 2009. Dix Hills has a proven track record in generating “uncorrelated alpha” using solely U.S. Treasury securities. For more information, visit **dixhillspartners.com**.

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Certain statements in this press release, such as those related to the launching of the new Federated Enhanced Treasury Income Fund, constitute forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results, levels of activity, performance or achievements of the company to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Among other risks are the ability to sell and manage the new funds or to achieve solid investment results, as well as the risk factors discussed in the company’s annual and quarterly reports as filed with the Securities and Exchange Commission. As a result, no assurance can be given as to future results, levels of activity, performance or achievements, and neither the company nor any other person assumes the responsibility for the accuracy or completeness of such statements in the future.

For more complete information on Federated funds, please visit FederatedInvestors.com for prospectuses. Investors should consider the fund’s investment objectives, risks, charge and expenses carefully before investing. Information about these and other important subjects is in the fund’s prospectus, which should be read carefully before investing.

Past performance is no guarantee of future results. For current fund performance, visit FederatedInvestors.com.

Duration is a measure of a security’s price sensitivity to changes in interest rates. Securities with longer durations are more sensitive to changes in interest rates than securities of shorter durations. Shares of closed-end funds frequently trade at a discount from their net asset value.

Shares of the fund will trade on a national stock exchange and similar to stocks, the market price of the fund’s share will fluctuate with market conditions and, at the time of the sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value.

Federated Securities Corp.