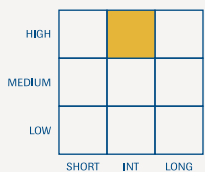


MUNICIPAL

Fund Description

The fund seeks to provide investors with current income exempt from federal regular income tax. The fund pursues its objective by investing in a portfolio of tax-exempt securities with a dollar-weighted average portfolio maturity not less than three years nor more than 10 years. The fund's portfolio securities also will be investment-grade or of comparable quality.

Morningstar Style Box™



Morningstar Category

Municipal National Intermediate

Benchmark

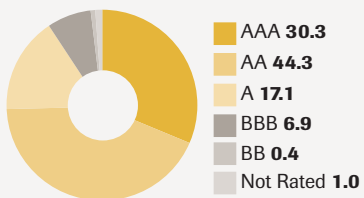
Barclays Capital Municipal Intermediate (5-10 Year) Bond Index

Nasdaq Symbols

Institutional Shares (IS)

FIMTX

Quality Breakdown (%)



Average Annual Total Returns (%)

| NAV | Performance Inception | Cumulative 3 Month | 1 Year | 5 Year | 10 Year | 15 Year | 20 Year | Since Inception | Expense Ratio* | |
|--|-----------------------|--------------------|--------|--------|---------|---------|---------|-----------------|----------------|---------------|
| | | | | | | | | | Before Waivers | After Waivers |
| IS | 12/26/85 | -1.20 | 9.84 | 2.59 | 4.16 | 4.42 | 4.79 | 5.06 | 0.85 | 0.55 |
| Benchmark | | -0.68 | 7.97 | 4.53 | 5.57 | N/A | N/A | N/A | N/A | N/A |
| Lipper Intermediate Municipal Debt Funds Average | | -0.71 | 10.75 | 3.39 | 4.60 | 4.96 | 5.32 | N/A | N/A | N/A |

Maximum Offering Price

| NAV | Performance Inception | Cumulative 3 Month | 1 Year | 5 Year | 10 Year | 15 Year | 20 Year | Since Inception | Expense Ratio* | After Waivers |
|-----|-----------------------|--------------------|--------|--------|---------|---------|---------|-----------------|----------------|---------------|
| IS | 12/26/85 | -1.20 | 9.84 | 2.59 | 4.16 | 4.42 | 4.79 | 5.06 | 0.85 | 0.55 |

Calendar Year Total Returns (%)

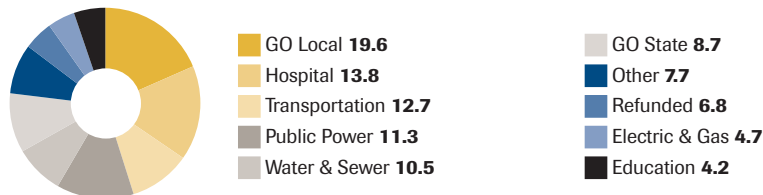
Institutional Shares/NAV

| 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 |
|-------|-------|------|------|-------|-------|------|------|-------|------|
| 9.84 | -3.59 | 0.73 | 3.94 | 2.52 | 3.42 | 4.43 | 8.03 | 4.17 | 8.86 |
| 1999 | 1998 | 1997 | 1996 | 1995 | 1994 | 1993 | 1992 | 1991 | 1990 |
| -2.53 | 5.24 | 6.85 | 3.98 | 11.56 | -3.79 | 9.72 | 7.14 | 10.81 | 6.46 |

Performance data quoted represents past performance which is no guarantee of future results. Investment return and principal value will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than what is stated. To view performance current to the most recent month-end, and for after tax returns, contact us or visit FederatedInvestors.com.

* Waivers/reimbursements are voluntary. The Adviser has agreed not to terminate these waivers and/or reimbursements until after 07/31/10.

Sector Weightings (%)



MUNICIPAL

Key Investment Team Members

J. Scott Albrecht, CFA

Fund Statistics

| | |
|-------------------------------------|--------------|
| Portfolio Assets | \$226.6 m |
| Number of Holdings | 130 |
| Dividends | Paid Monthly |
| 30-Day Yield | 2.74% |
| Weighted Average Effective Maturity | 6.3 Years |
| Weighted Average Effective Duration | 5.2 Years |

Top Holdings (%)

| | |
|---|-----|
| Philadelphia, PA Hospitals & Higher Education Facilities Authority, (Jefferson Health System), Health System Revenue Bonds (Series 1997A), 5.000%, 05/15/2012 | 2.2 |
| Georgia State Road and Tollway Authority, Federal Highway Grant Anticipation Revenue Bonds (Series 2009-A), 5.000%, 06/01/2020 | 2.0 |
| Connecticut State, GO Bonds (Series 2008A), 5.000%, 04/15/2016 | 1.9 |
| Birmingham-Baptist Medical Centers, AL Special Care Facilities Financing Authority, (Baptist Health System, Inc.), Revenue Bonds (Series A), 5.000%, 11/15/2014 | 1.8 |
| Michigan State Hospital Finance Authority, (McLaren Health Care Corp.), Revenue & Refunding Bonds (Series 1998A), 5.100%, 06/01/2013 | 1.8 |

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. To obtain a prospectus containing this and other information, contact us or visit FederatedInvestors.com. Please carefully read the prospectus before investing.

Past performance is no guarantee of future results.

For information on taxable equivalent yields, visit FederatedInvestors.com, "Products" section.

A WORD ABOUT RISK

Bond prices are sensitive to changes in interest rates and a rise in interest rates can cause a decline in their prices. Interest income from the fund's investments may be subject to the federal alternative minimum tax for individuals and corporations (AMT), and state and local taxes.

DEFINITIONS

The holdings percentages are based on net assets at the close of business on 12/31/09 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes. Because this is a managed portfolio, the investment mix will change.

Total return represents the change in value of an investment after reinvesting all income and capital gains. Total return would have been lower in the absence of temporary expense waivers or reimbursements.

The 30-day yield for Institutional Shares is calculated by dividing the net investment income per share for the 30 days ended on the date of calculation by the maximum offering price per share on that date. The figure is compounded and annualized. In the absence of temporary expense waivers or reimbursements, the 30-day yield would have been 2.47%.

Weighted average effective maturity is the average time to maturity of debt securities held in the fund.

Weighted average effective duration is a measure of 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.

Barclays Capital 5-Year Municipal Bond Index is an unmanaged index of long-term, fixed-rate, investment-grade, tax-exempt bonds representative of the municipal bond market. The Barclays Capital 5-Year Municipal Bond Index is the 5-year (4-6) component of the Barclays Capital Municipal Bond Index. Barclays Capital 7-Year Municipal Bond Index is an unmanaged index of municipal bonds issued after January 1, 1991 with a minimum credit rating of at least Baa, been issued as part of a deal of at least \$50 million, have a maturity value of at least \$5 million and a maturity range of 4-6 years. As of January 1996, the index also includes zero coupon bonds and bonds subject to the Alternative Minimum Tax. Barclays Capital 10-Year Municipal Bond Index is an unmanaged index with maturities between nine and twelve years. The Barclays Capital 10-Year Municipal Bond Index is the 10-Year total return subset of the Barclays Capital Municipal Bond Index. Indexes are unmanaged and cannot be invested in directly.

The ratings agencies that provided the ratings are Standard and Poor's, Moody's and Fitch. When ratings vary, the highest rating is used. Credit ratings of A or better are considered to be high credit quality; credit ratings of BBB are good credit quality and the lowest category of investment grade; credit ratings BB and below are lower-rated securities ("junk bonds"); and credit ratings of CCC or below have high default risk. The credit quality breakdown does not give effect to the impact of any credit derivative investments made by the fund.

RATINGS AND RATING AGENCIES

Lipper Averages represent the average total returns reported by all mutual funds designated by Lipper, Inc. as falling into the respective categories indicated and do not reflect sales charges. Data Source: Lipper, A Reuters Company. Copyright 2010© Reuters. All rights reserved. Any copying, republication or redistribution of Lipper content, including by caching, framing or similar means, is expressly prohibited without the prior written consent of Lipper. Lipper shall not be liable for any errors or delays in the content, or for any actions taken in reliance thereon. Morningstar Style Box™ reveals a fund's investment strategy. For fixed-income funds the vertical axis shows the average credit quality of the bonds owned, and the horizontal axis shows interest rate sensitivity as measured by a bond's duration.

Morningstar Category identifies funds based on their actual investment styles as measured by their underlying portfolio holdings over the past three years. If the fund is less than three years old, the category is based on the life of the fund. ©2010 Morningstar, Inc. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results.

