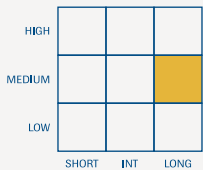


MUNICIPAL

Fund Description

The fund seeks to provide a high level of current income which is generally exempt from federal regular income tax. The fund pursues its objective by investing at least a majority of its assets in a portfolio of: (1) long-term, tax-exempt securities, and (2) medium-quality or non investment-grade, tax-exempt securities.

Morningstar Style Box™



Morningstar Category

High Yield Municipal

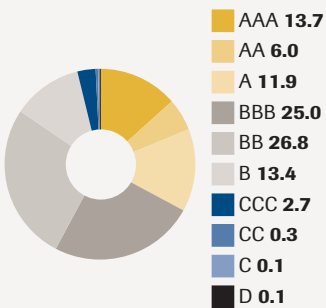
Benchmark

50% Barclays Capital High Yield Municipal Index/50% Barclays Capital Municipal Bond Index

Nasdaq Symbols

Class A Shares (A)	FMOAX
Class B Shares (B)	FMOBX
Class C Shares (C)	FMNCX
Class F Shares (F)	FHTFX

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
A	8/5/96	-1.15	29.11	1.81	3.99	N/A	N/A	3.78	1.13	0.79
B	8/5/96	-1.33	28.15	1.07	3.36	N/A	N/A	3.31	1.83	1.54
C	8/5/96	-1.33	28.15	1.07	3.23	N/A	N/A	3.01	1.83	1.54
F	4/10/87	-1.15	29.11	1.81	3.99	4.35	4.75	5.21	1.13	0.79
Benchmark		-0.49	22.53	3.55	5.37	N/A	N/A	N/A	N/A	N/A
Lipper High Yield Municipal Debt Funds Average		-1.03	30.80	1.48	3.81	4.75	5.41	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	Before Waivers	After Waivers
A	8/5/96	-5.64	23.27	0.89	3.51	N/A	N/A	3.43	1.13	0.79
B	8/5/96	-6.69	22.65	0.75	3.36	N/A	N/A	3.31	1.83	1.54
C	8/5/96	-2.31	27.15	1.07	3.23	N/A	N/A	3.01	1.83	1.54
F	4/10/87	-3.04	26.79	1.61	3.89	4.28	4.70	5.17	1.13	0.79

Calendar Year Total Returns (%)

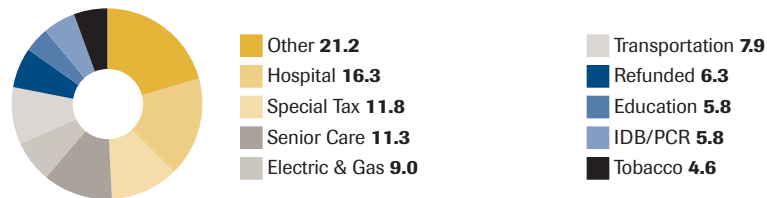
Class F Shares/NAV

2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
29.11	-23.57	-2.51	7.05	6.22	6.73	7.57	6.31	4.59	5.93
1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
-6.40	5.47	9.79	1.91	15.86	-5.75	11.08	7.97	10.94	6.57

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 Federated-Investors.com. Maximum Offering Price figures reflect the maximum sales charges of 4.5% for Class A Shares and 1% for Class F Shares, and the maximum contingent deferred sales charges of 5.5% for Class B Shares, 1% for Class C Shares and 1% for Class F Shares. See the prospectus for other fees and expenses that apply to a continued investment in the fund.

* The Adviser has agreed to reduce the management fee to 0.3233% effective 1/01/06, and it may not be increased until 12/31/10. In addition, although not obligated to do so, the Adviser will reduce the management fee by the amount which the fund's aggregate annual operating expenses, excluding certain other expenses as noted in the fee table of the Class A, B, C and F Share prospectus, exceed 0.7949%, 1.5449%, 1.5449% and 0.7949% respectively. Voluntary waivers may be terminated at any time.

Sector Weightings (%)



MUNICIPAL

Key Investment Team Members

Mary Jo Ochson, CFA
Lee R. Cunningham II

Fund Statistics

Portfolio Assets	\$451.4 m
Number of Holdings	315
Dividends	Paid Monthly
30-Day Yield	5.67%
Weighted Average Effective Maturity	16.8 Years
Weighted Average Effective Duration	8.9 Years

Top Holdings (%)

Buckeye Tobacco Settlement Financing Authority, OH, Tobacco Settlement Asset-Backed Bonds (Series 2007A), 6.500%, 06/01/2047	1.8
Maricopa County, AZ Pollution Control Corp., (Public Service CO., NM) PCR Refunding Bonds (Series 2003A), 6.250%, 01/01/2038	1.3
New York City, NY IDA, (American Airlines, Inc.), Special Facility Revenue Bonds (Series 2005), 8.000%, 08/01/2028	1.3
Wisconsin State General Fund Appropriation, (Wisconsin State), Revenue Bonds (Series 2009A), 5.750%, 05/01/2033	1.3
New York City, NY IDA, (7 World Trade Center LLC), Liberty Revenue Bonds (Series A), 6.500%, 03/01/2035	1.2

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.

The fund is the successor to the Federated Municipal High Yield Advantage Fund, Inc. pursuant to a reorganization that took place as of the close of business November 10, 2006.

A WORD ABOUT RISK

High yield, lower-rated securities generally entail greater market, credit/default and liquidity risks, and may be more volatile than investment grade securities.

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 Class F 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 5.39%. Yields for other classes will vary.

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 High Yield Municipal Bond Index is an unmanaged index made up of bonds that are non-investment grade, unrated, or rated below Ba1 by Moody's Investors Service with a remaining maturity of at least one year. Barclays Capital Municipal Bond Index is a market-value-weighted index for the long-term tax-exempt bond market. To be included in the index, bonds must have a minimum credit rating of Baa. They must have an outstanding par value of at least \$7 million and be issued as part of a transaction of at least \$75 million. The bonds must be fixed rate, have a dated-date after December 31, 1990, and must be at least one year from their maturity date. 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.

