

Press Release

Federated Investors, Inc. to Grow Global Footprint with Planned Acquisition of Prime Rate Capital Management, LLP

- **London-based Prime Rate Capital specializes in cash management products**

(Pittsburgh, PA, December 22, 2011) — Federated Investors, Inc. (NYSE: FII), one of the largest investment managers in the United States, reached an agreement to acquire Prime Rate Capital Management, LLP, a United Kingdom-based provider of institutional liquidity and fixed income products, from Matrix Group Limited. Prime Rate Capital Management’s family of UCITS products includes Prime Rate Sterling Liquidity Fund, Prime Rate Euro Liquidity Fund and Prime Rate US Dollar Liquidity Fund, among other products. Financial terms of the agreement were not disclosed.

Prime Rate Capital Management’s AAA-rated liquidity funds, known as Qualifying Money Market Funds, serve the corporate and institutional market. The funds, totaling approximately GBP 1.5 billion (\$2.4 billion USD) in assets, are rated AAA by both Fitch Ratings and Standard & Poor’s.

“The agreement will incorporate Prime Rate Capital’s experienced team, insightful processes and excellence in liquidity management into Federated’s money market business – with euro, sterling and dollar-denominated UCITS products positioning us for future growth,” said Gordon J. Ceresino, president of Federated International Management Limited. “After adding an additional sales person in our Frankfurt office earlier this year, Federated continues to seek opportunities to expand our global business in Europe and around the world.”

With \$189 billion in AAA-rated money market funds, Federated is the second-largest U.S. manager of money funds of the highest credit quality. Federated has 12% of the U.S. market share of AAA-rated money market funds, according to iMoneyNet.

“We opted to join Federated because of the company’s reputation as a premier global liquidity manager since the 1970s,” said Dennis Gepp, managing director and chief investment officer of Prime Rate Capital. “Our clients and shareholders in the funds can be confident in Federated’s stewardship and credit process, as it is one of the world’s largest and most experienced managers of money market products.”

David Royds, chairman and co-founder of Matrix Group said, “Since its launch in 2007 we have very successfully built Prime Rate into one of the UK’s fastest-growing and best-performing institutional cash management businesses, and this transaction represents an important milestone for Matrix and Prime Rate.”

The transaction is subject to review and approval by regulators, including the UK Financial Services Authority, as well as satisfaction of other customary and agreed-upon conditions, and is expected to be completed during the

first quarter of 2012. It is intended that Prime Rate Capital Management's headquarters will remain in London, with the current investment management team operating as a subsidiary of Federated Holdings (UK) Limited, a group company of Federated Investors, Inc.

Matrix Group is an established, privately owned and independent financial services business founded in 1987. Matrix is focused on advising clients, raising funds and management of assets. Matrix's range of activities encompasses hedge funds, UCITS, private equity and property. In addition, Matrix provides specialist corporate finance and fund raising advice primarily concentrating on energy, clean tech, renewables and real estate clients, as well as a fully integrated service to investment funds clients (market making, sales, research, corporate broking and corporate finance). For more information, visit www.matrixgroup.co.uk.

Federated Investors, Inc. (NYSE: FII) is one of the largest investment managers in the United States, managing \$351.7 billion in assets as of Sept. 30, 2011. With 134 funds, including a family of Irish-domiciled UCITS products, as well as a variety of separately managed account options, Federated provides comprehensive investment management worldwide to approximately 4,800 institutions and intermediaries including corporations, government entities, insurance companies, foundations and endowments, banks and broker/ dealers. For more information, visit FederatedInvestors.com.

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Certain statements in this press release, such as those related to the structure of the transaction, future transaction prospects for Federated, and the closing dates of the transaction, 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, or industry results, to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Other risks and uncertainties include the possibility that Federated does not successfully complete the acquisition or completes the transaction in a manner or timetable different from that described above, 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 responsibility for the accuracy and completeness of such statements in the future.