

As the trading steward of Federated's \$300 billion in taxable money market assets, I am entrusted with steady and prudent execution and decision making. If I don't understand it and can't teach it, we don't trade it. I believe this commonsense approach is same principle that must be applied to Securities Lending. To that end, I must be able to understand and explain the risks, reinvest, indemnification and results to my customers: the shareholders, fund managers, board and compliance officers.

Transparency and accountability are at the core of our philosophy. My customers must understand the securities and duration of their cash reinvestment. They must understand that our indemnification is appropriate and part of our credit process. They must also know the same about our approved borrowers. These exposures must also be a part of our risk management. Ultimately this is documented and adhered to through policies and procedures written independently by our compliance department. I must determine that we are receiving a reasonable return while taking minimal risk. Finally, ranking above all income expectations, I must always act in the best interest of my customers.

Jeffrey A. Petro
Vice-President
Head of Taxable Money Market Trading
Federated Investors
Pittsburgh, PA 15222
jpetro@federatedinv.com
412-288-1975