

**Report of Organizational Actions
 Affecting Basis of Securities**

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name FEDERATED CAPITAL APPRECIATION FUND		2 Issuer's employer identification number (EIN) 25-1773243	
3 Name of contact for additional information Client Service Repr	4 Telephone No. of contact 800-341-7400	5 Email address of contact investors@federatedinv.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 4000 ERICSSON DRIVE		7 City, town, or post office, state, and Zip code of contact WARRENDALE, PA 15086-7561	
8 Date of action APRIL 19, 2013		9 Classification and description Tax Free Reorganization pursuant to IRC Section 368(a)	
10 CUSIP number SEE ATTACHED	11 Serial number(s)	12 Ticker symbol SEE ATTACHED	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ On April 19, 2013, pursuant to a plan of reorganization within the meaning of IRC Section 368(a),
(1) all or substantially all of the assets of Federated Capital Appreciation Fund (the Reorganizing Fund) were transferred in exchange solely for shares of Federated Equity Income Fund, Inc. (the Surviving Fund),
(2) Federated Equity Income Fund, Inc. shares were distributed to holders of the outstanding shares of Federated Capital Appreciation Fund, and
(3) Federated Capital Appreciation Fund was liquidated and dissolved.

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ Due to the tax free status of this reorganization, Federated Capital Appreciation Fund shareholders' aggregate basis for the Federated Equity Income Fund, Inc. shares received remains the same as the aggregate basis of their Federated Capital Appreciation Fund shares exchanged. The per share basis, however, will change due to the differing number of shares received. This change will be calculated based upon the relative fair market value of the two funds as of the date of the reorganization.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ For each tax lot held in Federated Capital Appreciation Fund, the change in tax basis will be calculated by multiplying its cost basis as of the date of the reorganization by an adjustment factor of 1.10841025 for Class A shares, 1.17341238 for Class B shares, 1.17590188 for Class C shares, 1.11060382 for Class IS shares, and 1.11887439 for Class R shares. The resulting amount represents the adjusted per share tax basis. The holding period of the shares received includes the period that the exchanged Federated Capital Appreciation Fund shares were held.

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ The tax free status of the reorganization and its impact to affected shareholders are governed by IRC Sections 354, 358, 368, and 1223.

18 Can any resulting loss be recognized? ▶ No loss will be recognized solely as a result of this tax free reorganization. A loss may be recognized upon disposition of the shares received by the shareholder.

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Shareholders should consult their tax advisor if they have questions regarding their use of the information provided on this Form.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ 151 SEAN SUCHKO Date ▶ 5/30/13

Print your name ▶ Sean Suchko Title ▶ Assistant Treasurer

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

FEDERATED CAPITAL APPRECIATION FUND
I.D. #25-1773243
STATEMENT ATTACHED TO AND MADE PART OF
FORM 8937 FOR THE APRIL 19, 2013 TAX FREE REORGANIZATION

Form 8937, Question 10 and 12 - CUSIP number and Ticker Symbol

<u>Question 10</u> <u>CUSIP Number</u>	<u>Question 12</u> <u>Ticker Symbol</u>	<u>Class</u> <u>Designation</u>
314172701	FEDEX	A
314172800	CPABX	B
314172883	CPACX	C
314172396	CPAIX	IS
314172594	CPAKX	R