

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

| | | | |
|--|-----------------------------------|---|-----------------------------|
| 1 Issuer's name | | 2 Issuer's employer identification number (EIN) | |
| Federated Prudent Bear Fund | | 39-1837741 | |
| 3 Name of contact for additional information | 4 Telephone No. of contact | 5 Email address of contact | |
| Client Service Representative | 800-341-7400 | investors@federatedinv.com | |
| 6 Number and street (or P.O. box if mail is not delivered to street address) of contact | | 7 City, town, or post office, state, and Zip code of contact | |
| 4000 Ericsson Drive | | Warrendale, PA 15086-7561 | |
| 8 Date of action | | 9 Classification and description | |
| 02/05/2016 | | 1-for-10 Reverse Stock Split | |
| 10 CUSIP number | 11 Serial number(s) | 12 Ticker symbol | 13 Account number(s) |
| See Attachment | N/A | See Attachment | N/A |

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 ▶ Federated Prudent Bear Fund, ("Fund"), effected a 1-for-10 Reverse Stock Split of its Class A, C and IS Shares as of the close of business on February 5, 2016. Fractional shares (truncated to the third decimal place) were issued as needed to effect the 1-for-10 conversion. This action merely changes the number of shares outstanding with no resulting impact to ownership percentage of such Fund. Although the cusip and sedol number changed for each class of shares, the ticker symbol for each class remains the same. See attachment for details of these changes.

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 ▶ Each shareholder's aggregate tax basis in the shares received will equal the aggregate tax basis of the shares surrendered. Within each tax lot, the tax basis of each new share received in the exchange will equal the tax basis of the shares surrendered times 10.

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 ▶ Post-split (new) basis per share = pre-split (old) basis per share times 10. While the basis "per share" is impacted, the aggregate basis of the shareholder's investment in the Fund remains unchanged.

Federated Prudent Bear Fund

EIN: 39-1837741

Supplemental attachment to Form 8937, Report of Organizational Actions Affecting Basis of Securities

| <u>Ticker(*)</u> | <u>Old Cusip(**)</u> | <u>New Cusip</u> | <u>Old Sedol</u> | <u>New Sedol</u> |
|------------------|----------------------|------------------|------------------|------------------|
| BEARX | 314172354 | 31421N709 | 2100782 | BD5K2Y3 |
| PBRGX | 314172347 | 31421N600 | 2701710 | BD98061 |
| PBRIX | 314172339 | 31421N501 | B6S1KR3 | BD97Z96 |

(*) Part I: Box 12, Ticker symbol

() Part I: Box 10, CUSIP number**