



*news from*

## FINANCIAL FEDERAL CORPORATION

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### FINANCIAL FEDERAL CORPORATION REPORTS RECORD THIRD QUARTER RESULTS

- *Record Net Income - \$12.7 million (14% increase)*
- *Record Diluted EPS - \$0.48 (14% increase)*
- *Record Finance Receivables Outstanding - \$2.1 billion*
- *Loss Ratio - 0.01% (annualized)*

NEW YORK, NY: June 4, 2007 - Financial Federal Corporation (**NYSE: FIF**) today announced results for its third quarter ended April 30, 2007. Net income for the quarter increased 14% to \$12.7 million from \$11.2 million in the third quarter of fiscal 2006 due to higher average receivables. Diluted earnings per share also increased by 14% to \$0.48 from \$0.42. Finance receivables originated during the quarter were \$307 million compared to \$360 million in the third quarter of fiscal 2006.

For the first nine months of fiscal 2007 and 2006, net income was \$37.3 million and \$32.1 million, respectively, a 16% increase. Diluted earnings per share increased by 15% to \$1.40 from \$1.22. Finance receivables originated were \$911 million in 2007 compared to \$1.0 billion in 2006. Finance receivables outstanding grew at an annualized rate of 7% to \$2.1 billion at April 30, 2007 from \$2.0 billion at July 31, 2006.

Paul R. Sinsheimer, CEO, commented: "Our third quarter results are outstanding. Originations improved from the second quarter, but were not as strong as a year ago. Credit quality remained superb notwithstanding the rise in delinquencies. I continue to be optimistic about our prospects."

Steven F. Groth, CFO, remarked: "We repurchased 1.86 million shares of common stock for \$50 million over the last three months and today we also announced a new \$50 million repurchase program. These repurchases will have a positive effect on earnings per share and return on equity, and raised our leverage to a modest 4.3x. We also increased liquidity by issuing \$125 million of five and seven year term notes with fixed rates of 5.48% and 5.57%, respectively."

#### Asset Quality

Asset quality measures continued at exceptional levels in the third quarter of fiscal 2007:

- Net charge-offs were \$33,000 or 0.01% (annualized) of average finance receivables compared to net recoveries of \$101,000 or (0.02)% for the quarter ended January 31, 2007 and \$89,000 or 0.02% in the quarter ended April 30, 2006.
- Non-performing assets were 0.86% of total finance receivables at April 30, 2007 compared to 0.76% at January 31, 2007 and 0.65% at April 30, 2006.
- Delinquent receivables (60 days or more past due) were 0.72% of total receivables at April 30, 2007 compared to 0.40% at January 31, 2007 and 0.25% at April 30, 2006.

There was a net recovery of \$15,000 in the first nine months of fiscal 2007 compared to net charge-offs of \$198,000 or 0.01% (annualized) of average finance receivables for the first nine months of fiscal 2006.

**Other Financial Highlights**

- Net interest margin declined to 5.32% in the third quarter from 5.34% in the third quarter of fiscal 2006.
- No provisions for credit losses were recorded in the third quarter or the first nine months of fiscal 2007 and 2006 because of low net charge-off levels and receivables growth.
- Salaries and other expenses increased by 5% to \$6.3 million in the third quarter from \$6.0 million in the third quarter of fiscal 2006. The efficiency ratio improved to 23.2% from 24.6% and the expense ratio improved to 1.23% from 1.31%.
- Return on equity improved to 12.7% from 12.0% in the quarter of fiscal 2006 because of the common stock repurchases in the third quarter.

**Conference Call**

The Company will host a conference call June 5, 2007 at 11:00 a.m. (ET) to discuss its third quarter results. The call can be listened to on the Company's website [www.financialfederal.com](http://www.financialfederal.com) (click on Investor Relations).

**About Financial Federal**

Financial Federal Corporation is an independent financial services company specializing in financing construction, road transportation and waste services equipment through installment sales and leasing programs for dealers, manufacturers and end users nationwide. For more information, please visit [www.financialfederal.com](http://www.financialfederal.com).

This press release contains certain "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995 subject to risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Please read the Company's Annual Report on Form 10-K for the year ended July 31, 2006 filed with the Securities and Exchange Commission including Part I, Item 1A. "Risk Factors" for a description of these risks and uncertainties. These risk factors include (i) an economic slowdown (ii) the inability to collect finance receivables and the sufficiency of the allowance for credit losses (iii) the inability to obtain capital or maintain liquidity (iv) rising short-term market interest rates and adverse changes in the yield curve (v) increased competition (vi) the inability to retain key employees and (vii) adverse conditions in the construction and road transportation industries.

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## CONSOLIDATED UNAUDITED INCOME STATEMENTS

*(In thousands, except per share amounts)*

	Three months ended April 30,		Nine months ended April 30,	
	2007	2006	2007	2006
Finance income	\$47,490	\$41,429	\$141,803	\$117,420
Interest expense	20,541	17,172	62,506	47,463
Net finance income before provision for credit losses on finance receivables	26,949	24,257	79,297	69,957
Provision for credit losses on finance receivables	-	-	-	-
Net finance income	26,949	24,257	79,297	69,957
Salaries and other expenses	6,243	5,957	18,494	17,216
Income before income taxes	20,706	18,300	60,803	52,741
Provision for income taxes	7,996	7,148	23,468	20,616
<b>NET INCOME</b>	<b>\$12,710</b>	<b>\$11,152</b>	<b>\$ 37,335</b>	<b>\$ 32,125</b>
Earnings per common share:				
<b>Diluted</b>	<b>\$0.48</b>	<b>\$0.42</b>	<b>\$1.40</b>	<b>\$1.22</b>
Basic	\$0.49	\$0.43	\$1.43	\$1.24
Number of shares used:				
Diluted	26,529	26,590	26,730	26,417
Basic	26,042	26,017	26,177	25,844

## CONDENSED CONSOLIDATED UNAUDITED BALANCE SHEETS

*(In thousands)*

	April 30, 2007	July 31, 2006	April 30, 2006
<b>ASSETS</b>			
Finance receivables	\$2,097,937	\$1,991,688	\$1,921,678
Allowance for credit losses	(24,115)	(24,100)	(24,027)
Finance receivables - net	2,073,822	1,967,588	1,897,651
Cash	12,724	8,143	11,408
Other assets	9,617	12,613	9,386
<b>TOTAL ASSETS</b>	<b>\$2,096,163</b>	<b>\$1,988,344</b>	<b>\$1,918,445</b>
<b>LIABILITIES</b>			
Debt	\$1,632,700	\$1,527,661	\$1,473,334
Accrued interest, taxes and other liabilities	80,526	70,304	67,084
Total liabilities	1,713,226	1,597,965	1,540,418
<b>STOCKHOLDERS' EQUITY</b>	<b>382,937</b>	<b>390,379</b>	<b>378,027</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$2,096,163</b>	<b>\$1,988,344</b>	<b>\$1,918,445</b>