WisdomTree Trust
Form 485BPOS
December 18, 2017
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As filed with the Securities and Exchange Commission on December 18, 2017

Securities Act File No. 333-132380

Investment Company Act File No. 811-21864

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-1A

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933
Pre-Effective Amendment No.
Post-Effective Amendment No. 611
and/or

REGISTRATION STATEMENT

UNDER

THE INVESTMENT COMPANY ACT OF 1940
Amendment No. 613
(Check appropriate box or boxes.)

WISDOMTREE TRUST

(Exact Name of Registrant as Specified in Charter)

245 Park Avenue

35th Floor

New York, NY 10167

(Address of Principal Executive Offices) (Zip Code)

1-866-909-9473

(Registrant s Telephone Number, including Area Code)

JONATHAN STEINBERG

WISDOMTREE TRUST

245 Park Avenue

35th Floor

New York, NY 10167

(Name and Address of Agent for Service)

Copies to:

W. John McGuire **Morgan, Lewis & Bockius LLP** **1111 Pennsylvania Avenue NW** **Washington, DC 20004**	**Ryan Louvar** **WisdomTree Asset Management, Inc.** **245 Park Avenue, 35th Floor** **New York, NY 10167**

It is proposed that this filing will become effective (check appropriate box):

60 days after filing pursuant to paragraph (a) (1) of Rule 485.
On (Date) pursuant to paragraph (a) (1) of Rule 485.
75 days after filing pursuant to paragraph (a) (2) of Rule 485.

On (Date) pursuant to paragraph (a) (2) of Rule 485.

Immediately upon filing pursuant to paragraph (b) of Rule 485.

On (Date) pursuant to paragraph (b) of Rule 485.

If appropriate, check the following box:

This post-effective amendment designates a new effective date for a previously filed post-effective amendment.

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Prospectus
December 18, 2017
International Equity ETFs
WisdomTree Trust
WisdomTree International Equity ETFs*
Balanced Income Fund (WBAL)
*Principal U.S. Listing Exchange: NYSE Arca, Inc.
THE U.S. SECURITIES AND EXCHANGE COMMISSION ("SEC") HAS NOT APPROVED OR DISAPPROVED THESE SECURITIES OR PASSED UPON THE ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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WisdomTree Balanced Income Fund

Investment Objective
The WisdomTree Balanced Income Fund (the "Fund") seeks to track the price and yield performance, before fees and expenses, of the WisdomTree Balanced Income Index (the "Index").
Fees and Expenses of the Fund
The following table describes the fees and expenses you may pay if you buy and hold shares of the Fund. The fees are expressed as a percentage of the Fund's average net assets.

Shareholder Fees (fees paid directly from your investment)	None
Annual Fund Operating Expenses (expenses that you pay each year as a percentage of the value of your investment)	
Management Fees	0.40%
Distribution and/or Service (12b-1) Fees	None
Other Expenses	0.00% [1]
Acquired Fund Fees and Expenses	0.32% [1]
Total Annual Fund Operating Expenses	0.72% [2]
Fee Waivers	(0.37)% [3]
Total Annual Fund Operating Expenses After Fee Waivers	0.35% [3]

1 "Other Expenses" and "Acquired Fund Fees and Expenses" are based on estimated amounts for the current fiscal year.

2 The Total Annual Fund Operating Expenses in this fee table may not correlate to the expense ratios in the Fund's financial highlights and financial statements because the financial highlights and financial statements reflect only the operating expenses of the Fund and do not include Acquired Fund Fees and Expenses, which are fees and expenses incurred indirectly by the Fund through its investments in certain underlying investment companies.

3 WisdomTree Asset Management, Inc. ("WisdomTree Asset Management" or the "Adviser") has contractually agreed to waive a portion of its Management Fee in an amount equal to the Acquired Fund Fees and Expenses attributable to the Fund's investments in Underlying Funds, as defined below, as well as an additional amount such that Total Annual Fund Operating Expenses After Waivers equals 0.35%, through December 31, 2020, unless earlier terminated by the Board of Trustees of WisdomTree Trust (the "Trust") for any reason at any time.

Example
The following example is intended to help retail investors compare the cost of investing in the Fund with the cost of investing in other funds. It illustrates the hypothetical expenses that such investors would incur over various periods if they were to invest $10,000 in the Fund for the time periods indicated and then redeem all of the shares at the end of those periods. This example assumes that the Fund provides a return of 5% a year and that operating expenses remain the same. This example does not include the brokerage commissions that retail investors may pay to buy and sell shares of the Fund. Although your actual costs may be higher or lower, based on these assumptions, your costs would be:

1 Year	3 Years
$36	$113

Portfolio Turnover
The Fund pays transaction costs, such as commissions, when it buys and sells securities (or "turns over" its portfolio). A higher portfolio turnover rate may indicate higher transaction costs and may result in higher taxes when Fund shares

are held in a taxable account. These costs, which are not reflected in annual fund operating expenses or in the example, affect the Fund's performance. Because the Fund is newly organized, portfolio turnover information is not yet available.

Principal Investment Strategies of the Fund

The Fund employs a "passive management" – or indexing – investment approach designed to track the performance of the Index. The Fund generally uses a representative sampling strategy to achieve its investment objective, meaning it generally will invest in a sample of the securities in the Index whose risk, return and other characteristics resemble the risk, return and other characteristics of the Index as a whole. Under normal circumstances, at least 80% of the Fund's total assets (exclusive of collateral held from securities lending) will be invested in component securities of the Index and investments that have economic characteristics that are substantially identical to the economic characteristics of such component securities.

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The Index is designed to provide a balanced exposure to global equities and fixed income, including developed and emerging markets. The Index is comprised of exchange traded funds ("ETFs") with approximately a 60% allocation to equities and a 40% allocation to fixed income. The ETFs comprising the Index, which may include WisdomTree ETFs and non-WisdomTree ETFs, must trade on a U.S. stock exchange and are reconstituted and rebalanced annually to approximately a 60% equity exposure and a 40% fixed income exposure. The fixed income exposure includes government bonds and corporate bonds (including high yield bonds, commonly referred to as "junk bonds"), as well as mortgage-backed securities and other mortgage-related products. A quarterly rebalance will occur to the extent such exposures deviate by greater than 2% in order to maintain an approximate 60% equity/40% fixed income exposure.

The Fund expects to operate as a fund-of-funds and invest in ETFs comprising the Index (each, an "Underlying Fund"). WisdomTree Investments, Inc. ("WisdomTree Investments"), as Index provider, currently uses Standard & Poor's Global Industry Classification Standards ("S&P GICS") to define equity securities within a sector. A sector is comprised of multiple industries. For example, the energy sector is comprised of companies in, among others, the natural gas, oil and petroleum industries. As of December 7, 2017, a significant portion of the Index is comprised of companies in the financial sector.

To the extent the Index concentrates (i.e., holds 25% or more of its total assets) in the securities of a particular industry or group of industries, the Fund will concentrate its investments to approximately the same extent as the Index.

Principal Risks of Investing in the Fund

You can lose money on your investment in the Fund. The Fund is subject to the risks described below. Some or all of these risks may adversely affect the Fund's net asset value per share ("NAV"), trading price, yield, total return and/or ability to meet its objective. For more information about the risks of investing in the Fund, see the sections in the Fund's Prospectus titled "Additional Principal Risk Information About the Fund" and "Additional Non-Principal Risk Information."

Investment Risk. As with all investments, an investment in the Fund is subject to investment risk. Investors in the Fund could lose money, including the possible loss of the entire principal amount of an investment, over short or long periods of time.

Market Risk. The trading prices of equity securities, fixed income securities and other instruments fluctuate in response to a variety of factors, such as economic, financial or political events that impact the entire market, market segments, or specific issuers. The Fund's NAV and market price may fluctuate significantly in response to these and other factors. As a result, an investor could lose money over short or long periods of time.

Shares of the Fund May Trade at Prices Other Than NAV. As with all exchange-traded funds ("ETFs"), Fund shares may be bought and sold in the secondary market at market prices. The trading prices of the Fund's shares in the secondary market generally differ from the Fund's daily NAV and there may be times when the market price of the shares is more than the NAV (premium) or less than the NAV (discount). This risk is heightened in times of market volatility or periods of steep market declines.

Capital Controls and Sanctions Risk. Economic conditions, such as volatile currency exchange rates and interest rates, political events, military action and other conditions may, without prior warning, lead to foreign government intervention (including intervention by the U.S. government with respect to foreign governments, economic sectors, foreign companies and related securities and interests) and the imposition of capital controls and/or sanctions, which may also include retaliatory actions of one government against another government, such as seizure of assets. Capital controls and/or sanctions include the prohibition of, or restrictions on, the ability to own or transfer currency, securities or other assets, which may potentially include derivative instruments related thereto. Capital controls and/or sanctions may also impact the ability of the Fund to buy, sell, transfer, receive, deliver or otherwise obtain exposure to, foreign securities or currency, negatively impact the value and/or liquidity of such instruments, adversely affect the trading market and price for shares of the Fund, and cause the Fund to decline in value.

Currency Exchange Rate Risk. Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Fund's investment and the value of your Fund shares. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Fund may change quickly and without warning and you may lose money.

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Cyber Security Risk. The Fund and its service providers may be susceptible to operational and information security risks resulting from a breach in cyber security, including cyber-attacks. A breach in cyber security, intentional or unintentional, may adversely impact the Fund in many ways, including, but not limited to, disruption of the Fund's operational capacity, loss of proprietary information, theft or corruption of data, denial-of-service attacks on websites or network resources, and the unauthorized release of confidential information. Cyber-attacks affecting the Fund's third-party service providers, market makers, Authorized Participants, or the issuers of securities in which the Fund invests may subject the Fund to many of the same risks associated with direct cyber security breaches.

Emerging Markets Risk. Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to such securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. Such conditions may impact the ability of the Fund to buy, sell or otherwise transfer securities, adversely affect the trading market and price for Fund shares and cause the Fund to decline in value.

Financial Sector Risk. The Fund currently invests a significant portion of its assets in the financial sector, and therefore the Fund's performance could be negatively impacted by events affecting this sector. The financial sector includes, for example, banks and financial institutions providing mortgage and mortgage related services. This sector can be significantly affected by, among other things, changes in interest rates, government regulation, the rate of defaults on corporate, consumer and government debt, the availability and cost of capital, and fallout from the housing and sub-prime mortgage crisis.

Foreign Securities Risk. Investments in non-U.S. securities involve political, regulatory, and economic risks that may not be present in U.S. securities. For example, investments in non-U.S. securities may be subject to risk of loss due to foreign currency fluctuations, political or economic instability, or geographic events that adversely impact issuers of foreign securities. Investments in non-U.S. securities also may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. These and other factors can make investments in the Fund more volatile and potentially less liquid than other types of investments and may be heightened in connection with investments in developing or emerging markets countries.

Geographic Investment Risk. To the extent the Fund invests a significant portion of its assets in securities of companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region. The Fund currently invests a significant portion of its assets in companies organized in the United States and Europe, although this may change from time to time. In June 2016, the United Kingdom voted in a referendum to leave the European Union ("EU"). It is currently expected that the United Kingdom will withdraw from the EU by March 2019, but the precise timeframe for "Brexit" is uncertain. Brexit may have a significant impact on the economies of the United Kingdom and Europe as well as the broader global economy, which may result in increased volatility and illiquidity, and potentially lower economic growth in these markets.

Geopolitical Risk. Some countries and regions in which the Fund invests have experienced security concerns, war, threats of war, aggression and/or conflict, terrorism, economic uncertainty, natural and environmental disasters and/or systemic market dislocations(including due to events outside of such countries or regions) that have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on the U.S. and world economies and markets generally, each of which may negatively impact the Fund's investments.

High Yield Securities Risk. Higher yielding, high risk debt securities, sometimes referred to as junk bonds, may present additional risk because these securities may be less liquid and present more credit risk than investment grade bonds. The price of high yield securities tends to be more susceptible to issuer-specific operating results and outlook and to real or perceived adverse economic and competitive industry conditions.

Index and Data Risk. The Fund is not "actively" managed and seeks to track the price and yield performance, before fees and expenses, of the Index. The Index provider has the right to make adjustments to the Index or to cease making the Index available without regard to the particular interests of the Fund or its shareholders. If the computers or other facilities of the Index provider, Index calculation agent, data providers and/or relevant stock exchange malfunction for any reason, calculation and dissemination of Index values may be delayed and trading in Fund shares may be suspended for a period of time. Errors in Index data, Index calculations and/or the construction of the Index may occur from time to time and may not be identified and/or corrected by the Index

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provider, Index calculation agent or other applicable party for a period of time or at all, which may have an adverse impact on the Fund and its shareholders. The potential risk of continuing error may be particularly heightened in the case of the Index, which is generally not used as a benchmark by other funds or managers.

Investment in Underlying Funds Risk. The Fund's investment performance and risks may be directly related to the investment performance and risks of Underlying Funds.

Investment Style Risk. The Fund invests in the securities included in, or representative of, the Index regardless of their investment merit. The Fund does not attempt to outperform the Index or take defensive positions in declining markets. As a result, the Fund's performance may be adversely affected by a general decline in the market segments relating to the Index.

Issuer-Specific Risk. Issuer-specific events, including changes in the actual or perceived financial condition of an issuer, can have a negative impact on the value of the Fund.

Interest Rate Risk. Interest rate risk is the risk that fixed income securities will decline in value because of an increase in interest rates and changes to other factors, such as perception of an issuer's creditworthiness. Funds with higher durations generally are subject to greater interest rate risk. For example, the price of a security with a ten-year duration would be expected to drop by approximately 10% in response to a 1% increase in interest rates.

Issuer Credit Risk. The financial condition of an issuer of a debt security or other instrument may cause such issuer to default, become unable to pay interest or principal due or otherwise fail to honor its obligations or cause such issuer to be perceived (whether by market participants, rating agencies, pricing services or otherwise) as being in such situations. The value of an investment in the Fund may change quickly and without warning in response to issuer defaults, changes in the credit ratings of the Fund's portfolio investments and/or perceptions related thereto.

Large-Capitalization Investing Risk. The Fund may invest in the securities of large-capitalization companies. As a result, the Fund's performance may be adversely affected if securities of large-capitalization companies underperform securities of smaller-capitalization companies or the market as a whole. Large-capitalization companies may adapt more slowly to new competitive challenges and be subject to slower growth during times of economic expansion.

Mortgage- and Asset-Backed Securities Risk. Movements in interest rates (both increases and decreases) may quickly and significantly reduce the value of certain types of mortgage- and asset-backed securities. Mortgage- and asset-backed securities can also be subject to the risk of default on the underlying mortgages or other assets. Mortgage- and asset-backed securities are subject to fluctuations in yield due to prepayment rates that may be faster or slower than expected. Default or bankruptcy of a counterparty to a mortgage-related transaction would expose the Fund to possible loss.

Non-Correlation Risk. As with all index funds, the performance of the Fund and its Index may differ from each other for a variety of reasons.

Non-Diversification Risk. The Fund is considered to be non-diversified, which means that it may invest more of its assets in the securities of a single issuer or a smaller number of issuers than if it were a diversified fund. To the extent the Fund invests a significant percentage of its assets in a limited number of issuers, the Fund is subject to the risks of investing in those few issuers, and may be more susceptible to a single adverse economic or regulatory occurrence. As a result, changes in the market value of a single security could cause greater fluctuations in the value of Fund shares than would occur in a diversified fund.

Fund Performance

The Fund is new and therefore does not have a performance history.

Management

Investment Adviser and Sub-Adviser

WisdomTree Asset Management serves as investment adviser to the Fund. Mellon Capital Management Corporation ("Mellon Capital") serves as sub-adviser to the Fund.

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Portfolio Managers

The Fund is managed by Mellon Capital's Equity Index Strategies Portfolio Management team. The individual members of the team jointly and primarily responsible for the day-to-day management of the Fund’s portfolio are described below.

Karen Q. Wong, CFA, a Managing Director, Head of Equity Portfolio Management, has been a portfolio manager of the Fund since its inception.

Thomas J. Durante, CFA, a Managing Director and Senior Portfolio Manager, Equity Portfolio Management, has been a portfolio manager of the Fund since its inception.

Richard A. Brown, CFA, a Managing Director and Senior Portfolio Manager, Equity Portfolio Management, has been a portfolio manager of the Fund since its inception.

Buying and Selling Fund Shares

The Fund is an ETF. This means that shares of the Fund are listed on a national securities exchange, such as NYSE Arca, and trade at market prices. Most investors will buy and sell shares of the Fund through brokers. Because Fund shares trade at market prices rather than NAV, shares may trade at a price greater than NAV (premium) or less than NAV (discount).

The Fund issues and redeems shares at NAV only in large blocks of shares (“Creation Units”), which only certain institutions or large investors (typically market makers or other broker-dealers) may purchase or redeem. Currently, Creation Units generally consist of 50,000 shares, though this may change from time to time. Creation Units are not expected to consist of less than 25,000 shares. The Fund issues and redeems Creation Units in exchange for a portfolio of securities and/or U.S. cash.

Tax Information

The Fund intends to make distributions that may be taxed as ordinary income, qualified dividend income, or capital gains.

Payments to Broker-Dealers and Other Financial Intermediaries

If you purchase shares of the Fund through a broker-dealer or other financial intermediary (such as a bank) (an “Intermediary”), WisdomTree Asset Management or its affiliates may pay Intermediaries for certain activities related to the Fund, including participation in activities that are designed to make Intermediaries more knowledgeable about exchange traded products, including the Fund, or for other activities, such as marketing, educational training or other initiatives related to the sale or promotion of Fund shares. These payments may create a conflict of interest by influencing the Intermediary and your salesperson to recommend the Fund over another investment. Any such arrangements do not result in increased Fund expenses. Ask your salesperson or visit the Intermediary’s website for more information.

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Additional Information About the Fund

Additional Information About the Fund's Investment Objectives

The Fund seeks to track the price and yield performance, before fees and expenses, of a particular index (“Index”) developed by WisdomTree Investments. Since the Fund’s investment objective has been adopted as a non-fundamental investment policy, the Fund’s investment objective may be changed without a vote of shareholders upon 60 days’ written notice to shareholders.

Additional Information About the Fund's Investment Strategies

The Fund will normally invest at least 80% of its net assets, plus the amount of any borrowings for investment purposes, in the types of securities suggested by its name (i.e., investments connoted by its Index). The Fund anticipates meeting this policy because, under normal circumstances, at least 80% of the Fund’s total assets (exclusive of collateral held from securities lending) will be invested in component securities of its underlying Index and investments that have economic characteristics that are substantially identical to the economic characteristics of such component securities, such as depositary receipts based on component securities. WisdomTree Asset Management, Inc. (“WisdomTree Asset Management” or the “Adviser”) expects that, over time, the correlation between the Fund’s performance and that of the Index, before fees and expenses, will be 95% or better. A number of factors may affect the Fund’s ability to achieve a high degree of correlation with its Index, and there can be no guarantee that the Fund will achieve a high degree of correlation.

The quantity of holdings in the Fund using a representative sampling strategy will be based on a number of factors, including asset size of the Fund. In addition, from time to time, securities are added to or removed from the Index and consequently the attributes of the Index, such as sectors or industries represented in the Index and weightings, may change. The Fund may sell securities that are represented in the Index, or purchase securities that are not yet represented in the Index, in anticipation of their removal from or addition to the Index or to reflect various corporate actions or other changes to the Index. Further, the Fund may overweight or underweight securities in the Index, purchase or sell securities not in the Index, or utilize various combinations of other available techniques, in seeking to track the Index.

Non-Principal Information About the Fund's Investment Strategies

The Fund may invest in other investments that the Fund believes will help it track its Index, including cash and cash equivalents, as well as in shares of other investment companies (including affiliated investment companies, such as ETFs), forward contracts, futures contracts, options on futures contracts, options and swaps.

The Fund may lend its portfolio securities in an amount not to exceed one third (33 1/3%) of the value of its total assets via a securities lending program through its securities lending agent, State Street Bank and Trust Company, to brokers, dealers and other financial institutions desiring to borrow securities to complete transactions and for other purposes. A securities lending program allows the Fund to receive a portion of the income generated by lending its securities and investing the respective collateral. The Fund will receive collateral for each loaned security which is at least equal to the market value of that security, marked to market each trading day. In the securities lending program, the borrower generally has the right to vote the loaned securities; however, the Fund may call loans to vote proxies if a material issue affecting the Fund’s economic interest in the investment is to be voted upon. Security loans may be terminated at any time by the Fund.

Additional Principal Risk Information About the Fund

This section provides additional information regarding the principal risks described under “Principal Risks of Investing in the Fund” in the Fund Summary. Each of the factors below could have a negative impact on Fund performance and trading prices.

Capital Controls and Sanctions Risk

Economic conditions, such as volatile currency exchange rates and interest rates, political events, military action and other conditions, may, without prior warning, lead to government intervention (including intervention by the U.S. government with respect to foreign governments, economic sectors, foreign companies and related securities and interests) and the imposition of capital controls and/or sanctions, which may also include retaliatory actions of one government against another government, such as seizure of assets. Capital controls and/or sanctions include the prohibition of, or restrictions on, the ability to own or transfer currency, securities or other assets, which may potentially include derivative instruments related thereto. Levies may be placed on profits repatriated by foreign entities (such as the Fund). Capital controls and/or sanctions may also impact the ability of the Fund to buy, sell, transfer, receive, deliver or otherwise obtain exposure to, foreign securities or currency, negatively impact the value and/or liquidity of such instruments, adversely affect the trading market and price for shares of the Fund, and cause the Fund to decline in value.

Currency Exchange Rate Risk

Changes in currency exchange rates and the relative value of non-U.S. currencies will affect the value of the Fund's investments and the value of the Fund's shares. Because the Fund's NAV is determined on the basis of U.S. dollars, the U.S. dollar value of your investment in the Fund may go down if the value of the local currency of the non-U.S. markets in which the Fund invests depreciates against the U.S. dollar. This is true even if the local currency value of securities in the Fund's holdings goes up. Conversely, the dollar value of your investment in the Fund may go up if the value of the local currency appreciates against the U.S. dollar.

The value of the U.S. dollar measured against other currencies is influenced by a variety of factors. These factors include interest rates, national debt levels and trade deficits, changes in balances of payments and trade, domestic and foreign interest and inflation rates, global or regional political, economic or financial events, monetary policies of governments, actual or potential government intervention, and global energy prices. Political instability, the possibility of government intervention and restrictive or opaque business and investment policies may also reduce the value of a country's currency. Government monetary policies and the buying or selling of currency by a country's government may also influence exchange rates. Currency exchange rates can be very volatile and can change quickly and unpredictably. As a result, the value of an investment in the Fund may change quickly and without warning, and you may lose money.

Cyber Security Risk

The Fund and its service providers may be susceptible to operational and information security risks resulting from a breach in cyber security, including cyber-attacks. A breach in cyber security, intentional or unintentional, may adversely impact the Fund in many ways, including, but not limited to, disruption of the Fund's operational capacity, loss of proprietary information, theft or corruption of data maintained online or digitally, denial-of-service attacks on websites or network resources, and the unauthorized release of confidential information. Cyber-attacks affecting the Fund's third-party service providers, including the investment adviser, sub-adviser, administrator, custodian, and transfer agent, may subject the Fund to many of the same risks associated with direct cyber security breaches and adversely impact the Fund. For instance, cyber-attacks may impact the Fund's ability to calculate its NAV, cause the release of confidential business information, impede trading, cause the Fund to incur additional compliance costs associated with corrective measures, subject the Fund to regulatory fines or other financial losses, and/or cause reputational damage to the Fund. Cyber security breaches of market makers, Authorized Participants, or the issuers of securities in which the Fund invests could also have material adverse consequences on the Fund's business operations and cause financial losses for the Fund and its shareholders. While the Fund and its service providers have established business continuity plans and risk management systems designed to address cyber security risks, prevent cyber-attacks and mitigate the impact of cyber security breaches, there are inherent limitations on such plans and systems. In addition, the Fund has no control over the cyber security protections put in place by its service providers or any other third parties whose operations may affect the Fund or its shareholders.

Foreign Securities Risk

Investments in non-U.S. securities and instruments involve political, regulatory, and economic risks that may not be present in U.S. securities. For example, investments in non-U.S. securities may be subject to risk of loss due to foreign currency fluctuations, political or economic instability, or geographic events that adversely impact issuers of foreign securities. There may be less information publicly available about a non-U.S. issuer than a U.S. issuer. Non-U.S. issuers may be subject to different accounting, auditing, financial reporting and investor protection standards than U.S. issuers. Investments in non-U.S. securities may be subject to withholding or other taxes and may be subject to additional trading, settlement, custodial, and operational risks. With respect to certain countries, there is the possibility of government intervention and expropriation or nationalization of assets. Because legal systems differ, there is also the possibility that it will be difficult to obtain or enforce legal judgments in certain countries. Since foreign exchanges may be open on days when the Fund does not price its shares, the value of the securities in the Fund's portfolio may change on days when shareholders will not be able to purchase or sell the Fund's shares. Conversely, Fund shares may trade on days when foreign exchanges are closed. Each of these factors can make investments in the Fund more volatile and potentially less liquid than other types of investments and may be heightened in connection with investments in developing or emerging market countries. Foreign securities also include American Depositary Receipts ("ADRs") which are U.S. dollar-denominated receipts representing shares of foreign-based corporations. ADRs are issued by U.S. banks or trust companies and entitle the holder to all dividends and capital gains that are paid out on the underlying foreign shares. Global Depositary Receipts ("GDRs"), which are similar to ADRs, represent shares of foreign-based corporations and are generally issued by

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international banks in one or more markets around the world. Investments in ADRs and GDRs may be less liquid and more volatile than underlying shares in their primary trading markets.

Geographic Investment Risk

To the extent that the Fund invests a significant portion of its assets in the securities of companies of a single country or region, it is more likely to be impacted by events or conditions affecting that country or region. For example, political and economic conditions and changes in regulatory, tax, or economic policy in a country could significantly affect the market in that country and in surrounding or related countries and have a negative impact on the Fund's performance. Currency developments or restrictions, political and social instability, and changing economic conditions have resulted in significant market volatility.

Emerging Markets Risk

Investments in securities and instruments traded in developing or emerging markets, or that provide exposure to such securities or markets, can involve additional risks relating to political, economic, or regulatory conditions not associated with investments in U.S. securities and instruments or investments in more developed international markets. For example, developing and emerging markets may be subject to (i) greater market volatility, (ii) lower trading volume and liquidity, (iii) greater social, political and economic uncertainty, (iv) governmental controls on foreign investments and limitations on repatriation of invested capital, (v) lower disclosure, corporate governance, auditing and financial reporting standards, (vi) fewer protections of property rights, (vii) restrictions on the transfer of securities or currency or payment of dividends and (viii) settlement and trading practices that differ from U.S. markets. Each of these factors may impact the Fund's ability to buy, sell, transfer, receive, deliver or otherwise obtain exposure to, emerging market securities or currency, negatively impact the value and/or liquidity of such instruments, adversely affect the trading market and price for shares of the Fund and cause the Fund to decline in value. The volatility of emerging markets may be heightened by the actions (such as significant buying and selling) of a few major investors. For example, substantial increases or decreases in cash flows of funds investing in these markets could significantly affect local securities' prices and cause Fund share prices to decline. For these and other reasons, investments in emerging markets are often considered speculative.

Investments in Europe

Most developed countries in Western Europe are members of the European Union ("EU"), many are also members of the European Economic and Monetary Union ("EMU"), and most EMU members are part of the euro zone, a group of EMU countries that share the euro as their common currency. Members of the EMU must comply with restrictions on inflation rates, deficits, debt levels, and fiscal and monetary controls. The implementation of any of these EMU restrictions or controls, as well as any of the following events in Europe, may have a significant impact on the economies of some or all European countries: (i) the default or threat of default by an EU member country on its sovereign debt, (ii) economic recession in an EU member country, (iii) changes in EU or governmental regulations on trade, (iv) substantial changes in currency exchange rates of the euro, the British pound, and other European currencies, (v) significant changes in the supply and demand for European imports or exports, and (vi) high unemployment rates.

In June 2016, the United Kingdom voted in a referendum to leave the EU. As a result of the referendum, S&P downgraded the United Kingdom's credit rating from "AAA" to "AA" and the EU's credit rating from "AA+" to "AA" in the days that followed the vote. Other credit ratings agencies have taken similar actions. Although the precise timeframe for "Brexit" is uncertain, it is currently expected that the United Kingdom will withdraw from the EU by March 2019. It is unclear how withdrawal negotiations will be conducted and what the potential consequences may be. In addition, it is possible that measures could be taken to revote on the issue of Brexit, or that portions of the United Kingdom could seek to separate and remain a part of the EU. As a result of the political divisions within the United Kingdom and between the United Kingdom and the EU that the referendum vote has highlighted and the uncertain consequences of a Brexit, the economies of the United Kingdom and Europe as well as the broader global economy could be significantly impacted, which may result in increased volatility and illiquidity, and potentially lower economic growth on markets in the United Kingdom, Europe and globally that could potentially have an adverse effect on the value of a Fund's investments.

Geopolitical Risk

Some countries and regions in which the Fund invests have experienced security concerns, war, threats of war, aggression and/or conflict, terrorism, economic uncertainty, natural and environmental disasters and/or systemic market dislocations (including due to events outside of such countries or regions) that have led, and in the future may lead, to increased short-term market volatility and may have adverse long-term effects on the U.S. and world

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economies and markets generally. Such geopolitical and other events may also disrupt securities markets and, during such market disruptions, the Fund's exposure to the other risks described herein will likely increase. For example, a market disruption may adversely affect the orderly functioning of the securities markets. Each of the foregoing may negatively impact the Fund's investments.
Index and Data Risk
The Fund is not "actively" managed and seeks to track the price and yield performance, before fees and expenses, of the Index. The Index Provider has the right to make adjustments to the Index or to cease making the Index available without regard to the particular interests of the Fund or the Fund's shareholders. While the Index Provider provides a rules-based methodology that describes what the Index is designed to achieve within a particular set of rules, neither the Index Provider, its agents nor data providers provide any warranty or accept any liability in relation to the quality, accuracy or completeness of the Index, its calculation, valuation or its related data, and they do not guarantee that the Index will be in line with the Index Provider's methodology, regardless of whether or not the Index Provider is affiliated with the Adviser. The composition of the Index is dependent on data from one or more third parties and/or the application of such data within the rules of the Index methodology, which may be based on assumptions or estimates. If the computers or other facilities of the Index Provider, Index calculation agent, data providers and/or relevant stock exchange malfunction for any reason, calculation and dissemination of Index values may be delayed and trading in Fund shares may be suspended for a period of time. Errors in Index data, Index computations and/or the construction of the Index may occur from time to time and may not be identified and/or corrected by the Index Provider, Index calculation agent or other applicable party for a period of time or at all, which may have an adverse impact on the Fund and its shareholders. The potential risk of continuing error may be particularly heightened in the case of the Index, which is generally not used as a benchmark by other funds or managers. Any of the foregoing may lead to the inclusion of securities in the Index, exclusion of securities from the Index or the weighting of securities in the Index that would have been different had data or other information been correct or complete, which may lead to a different investment outcome than would have been the case had such events not occurred. The Adviser, through the Sub-Adviser, seeks to manage the Fund to cores on borrowings outstanding at July 31, 2005 and 2004 were 3.4% and 1.5%, respectively. The weighted average interest rates during the years ended July 31, 2005, 2004 and 2003 were 2.6%, 1.3% and 1.6%, respectively. The interest rates change daily. Bank Borrowings We have $395,000 of committed unsecured revolving credit facilities with several banks expiring as follows: $212,500 within one year and $182,500 on various dates from July 2007 through March 2010. We incur a fee on the unused portion of these facilities. Borrowings under these facilities generally mature between one and ninety days and bear interest based on domestic money market rates or LIBOR, at our option. The weighted average interest rates on borrowings outstanding at July 31, 2005 and 2004 were 3.8% and 2.0%, respectively. The weighted average interest rates during the years ended July 31, 2005, 2004 and 2003 were 3.4%, 1.7% and 1.9%, respectively. In August 2005, we obtained a new $50,000 facility; $25,000 with a five-year term and $25,000 with a one-year term. Commercial Paper We issue commercial paper with terms of 1 to 270 days. The weighted average interest rates on commercial paper outstanding at July 31, 2005 and 2004 were 3.5% and 1.6%, respectively. The weighted average interest rates during the years ended July 31, 2005, 2004 and 2003 were 2.5%, 1.4% and 1.9%, respectively. Other In fiscal 2003, we redeemed $56,223 of our 4.5% convertible subordinated notes for cash and $34,965 of the notes were converted into 1,159,000 shares of our common stock at the stated conversion price of $30.15625 per share. We incurred a $1,737 pre-tax expense comprising a $1,085 prepayment premium at 1.93% of the notes redeemed for cash and $652 of unamortized deferred debt issuance costs. The debt agreements of our major operating subsidiary have restrictive covenants including limitations on the subsidiary's indebtedness, encumbrances, investments, dividends and other distributions to us, sales of assets, mergers and other business combinations, capital expenditures, interest coverage and net worth. None of the agreements have a material adverse change clause. All of our debt is senior. 29 Long-term debt comprised the following: == July 31, July 31, 2005 2004 -- Term notes $410,200 $409,350

Convertible debentures 175,000 175,000 Asset securitization financings 162,000 126,700 Bank borrowings and commercial paper supported by bank credit facilities expiring after one year 182,500 115,600 Bank borrowings refinanced with term notes in August 2005 50,000 -- -- Total long-term debt $979,700 $826,650 == Long-term debt at July 31, 2005 matures as follows: == Fiscal: 2007 2008 2009 2010 -- $235,250 $157,900 $175,000 $411,550 == The fair value adjustment of hedged debt is the difference between the principal and fair value of the fixed rate term notes swapped to floating rates. The adjustment represents changes in the hedged debt's fair value from changes in the swap rates. The adjustment reduced long-term debt and equals the fair value of the interest rate swaps recorded as an other liability. NOTE 4 - DERIVATIVES At July 31, 2005 and 2004, the notional amount of interest rate swaps was $143,250. We designated the swaps as fair value hedges of fixed rate term notes. We receive fixed rates equal to the rates of the hedged notes and pay floating rates indexed to six-month LIBOR on the swaps' notional amounts. We record the differences between the amounts we receive and pay as adjustments to interest expense. The swaps expire on the notes' maturity dates. The swaps effectively converted fixed rate notes to floating rates and satisfy all conditions needed to assume zero hedge ineffectiveness. The fair value of the swaps was a liability of $4,300 and $2,900 at July 31, 2005 and July 31, 2004, respectively. The terms of the swaps and related information follow: === July 31, 2005 July 31, 2004 ---------------- --------------- Notional Receive Pay Fair Pay Fair Issued Expires Amount Rate Rate Value Rate Value --- April 2003 April 2010 $ 12,500 4.96% 4.56% $ 400 2.49% $ 300 July 2003 April 2008 25,000 4.37 4.20 500 2.13 200 July 2003 June 2008 12,500 4.37 4.89 500 2.82 500 July 2003 June 2008 25,000 4.37 4.70 900 2.63 700 July 2003 June 2010 12,500 4.96 4.87 600 2.80 600 August 2003 April 2008 24,500 4.37 4.10 500 2.03 100 April 2004 August 2007 31,250 6.23 6.93 900 5.14 500 --- Totals $143,250 $4,300 $2,900 === Weighted average rates 4.88% 5.02% 3.01% === In fiscal 2005, we entered into and terminated two $25,000 interest rate locks. We locked in the rate on five-year U.S. Treasury Notes at 4.075% for one month. This rate determined the interest rate on our fiscal 2005 issuance of five-year fixed rate term notes. We chose not to designate the locks as hedging instruments. We terminated the locks when the interest rate was set on the term notes. The five-year Treasury rate was 4.18% at the time. We received $200 at termination and, since we did not designate the locks as hedges, we recognized this gain as a reduction of interest expense. If we made the hedge designation, the gain would have been deferred and recognized over the life of the term notes. NOTE 5 - STOCKHOLDERS' EQUITY We established a common stock repurchase program in August 1996 and expanded it to include convertible debt repurchases. Through July 31, 2005, we repurchased 684,000 shares of common stock for $15,200 and $8,800 principal 30 amount of convertible notes for $7,200. We increased the amount available under the program by $6,805 in fiscal 2004. At July 31, 2005, $18,300 was available for future repurchases. We repurchased 44,000 shares in fiscal 2005, 163,000 shares in fiscal 2004 and 55,000 shares in fiscal 2003 under the program as follows. In fiscal 2005, we received and retired 20,000 shares of common stock from certain officers at $37.93 per share in exchange for their exercise of 39,000 stock options. We also received 24,000 shares of common stock from certain officers at $37.76 per share as payment of income taxes we were required to withhold when shares of their restricted stock vested. These shares are in treasury at July 31, 2005. In fiscal 2004, we received 135,000 shares of common stock at $34.15 per share in exchange for our CEO's exercise of 200,000 stock options and related income taxes. We received 7,000 shares at $34.15 per share for other senior officers' exercise of 12,000 stock options and related taxes. We retired these 142,000 shares. We also received 21,000 shares of common stock from certain officers at $33.29 per share as payment of income taxes we were required to withhold when shares of their restricted stock vested. These shares are in treasury at July 31, 2005. In fiscal 2003, we repurchased and retired 43,000 shares of common stock in the open market at $24.44 per share and received 12,000 shares from certain officers at $18.71 per share as payment of income taxes we were required to withhold when shares of their restricted stock vested. The 12,000 shares are in treasury at July 31, 2005. We also repurchased 1,502,000 shares of common stock in April 2004 for $50,000 ($33.28 per share). This repurchase was outside the repurchase program. These shares are in treasury at July 31, 2005. In December 2004, we initiated a quarterly cash dividend and paid dividends of $0.10 per share of common stock in July, April and January 2005 totaling $5,233. NOTE 6 - STOCK PLANS Our 1998 Stock Option/Restricted Stock Plan (the "1998 Plan") was approved by stockholders in December 1998 and was amended in 2002 to include restricted stock grants. The plan provides for 2,500,000 incentive or non-qualified stock options or shares of restricted stock to be granted to officers, other employees and directors. The plan expires in September 2008. The exercise price of incentive stock options may not be less than the fair market value of our common stock when granted and the term of incentive stock options is limited to ten years. Options granted in prior years (and 11,000 options granted in fiscal 2005) typically were incentive stock options with a six-year term vesting one-quarter after two, three, four and five years. In fiscal 2005, we granted 95,000 non-qualified options with a four-year term vesting one-third on July 31, 2005, 2006 and 2007 to reduce the fair value calculated for these options and the after-tax expense we will record under SFAS No. 123(R). We did not accelerate the vesting of any existing stock options in fiscal 2005. At July 31, 2005, 515,000 shares of common stock were available for future grants of stock options and shares of restricted stock. Stock option activity and related information is summarized below (options in thousands): == Years Ended July 31, 2005 2004 2003 -- Weighted Weighted Weighted Average Average Average Exercise Exercise Exercise Options Price Options Price Options Price -- Outstanding - beginning of year 1,386 $26.88 1,386 $22.81 1,752 $22.49 Granted 106 37.45 424 33.69 94 21.85 Exercised (223) 21.93 (391) 19.98 (116) 15.87 Canceled (65) 28.60 (33) 25.31 (344) 23.24 -- Outstanding - end of year 1,204 $28.63 1,386 $26.88 1,386 $22.81 == Exercisable - end of year 424 $25.30 368 $23.03 504 $20.34 == 31 The exercise prices of options outstanding at July 31, 2005 ranged from $18.63 to $37.52. Information by price range follows: == Price Range Under $23 $23 - $29 Over $29 -- Options outstanding: -------------------- Number (in thousands) 68 639 497 Weighted average exercise price $19.76 $25.00 $34.50 Weighted average remaining life (in years) 2.3 2.5 4.4 Options exercisable: -------------------- Number (in thousands) 45 340 39 Weighted average exercise price $19.50 $24.78 $36.53 == The Management Incentive Plan ("MIP") for the Chief Executive Officer ("CEO") was approved by stockholders in fiscal 2002. Under the MIP, the CEO can be awarded shares of restricted stock and a cash or stock bonus if certain pre-determined performance goals are achieved. The total number of shares of restricted stock that can be awarded under the MIP is 500,000 with an annual limit of 100,000 shares. The CEO received 50,000 shares (with an eight-year vesting period) and 30,000 shares (with a four-year vesting period) of restricted stock in fiscal 2002 and 2001, respectively. In fiscal 2002, the CEO was also awarded 50,000 shares of restricted stock subject to certain performance goals for fiscal 2003. Based on certain operating results in fiscal 2003, the CEO received 34,500 shares (with an eight-year vesting period) and forfeited 15,500 shares. No shares were awarded to the CEO in fiscal 2004. In fiscal 2005, the CEO received 10,000 shares of restricted stock (with a five-year vesting period) as part of the fiscal 2004 bonus. At July 31, 2005, 375,500 shares of restricted stock were available for future awards and 63,000 shares of the CEO's restricted stock were unvested. In September 2005, the CEO received 18,000 shares of restricted stock (with a four-year vesting period) as a bonus for fiscal 2005. Restricted stock activity under the 1998 Plan and the MIP and related information are summarized below (shares in thousands): == Years Ended July 31, 2005 2004 2003 -- Shares unvested - beginning of year 427 432 584 Shares granted * 41 65 40 Shares vested (78) (70) (78) Shares forfeited -- -- (114) -- Shares unvested - end of year 390 427 432

== * vesting period (in years) 6** 8 8 ** weighted average We established a Supplemental Retirement Benefit ("SERP") for our CEO in fiscal 2002. We granted 100,000 stock units (representing an equivalent number of shares of common stock) vesting evenly over eight years. Subject to forfeiture, the CEO will receive shares of common stock equal to the number of stock units vested when the CEO's employment terminates. At July 31, 2005, 37,500 units were vested. The restricted stock agreements and the SERP provide for all unvested shares to vest immediately if certain events occur including the sale of the Company, the officer's death or disability and qualifying terminations of employment. These awards are expensed over their vesting periods based on prices of our common stock on the dates granted. Compensation expense recorded for these awards was $2,630 in fiscal 2005, $2,447 in fiscal 2004 and $2,546 in fiscal 2003. 32 NOTE 7 - EARNINGS PER COMMON SHARE Earnings per common share ("EPS") was calculated as follows (in thousands, except per share amounts):
==
Years Ended July 31, 2005 2004 2003 -- Net income (used for basic EPS) $36,652 $31,190 $30,088 Effect of convertible securities -- -- 115
-- Adjusted net income (used for diluted EPS) $36,652 $31,190 $30,203
==
Weighted average common shares outstanding (used for basic EPS) 17,010 17,784 17,975 Effect of dilutive securities: Stock options * 261 256 224 Restricted stock and stock units 113 83 35 Convertible notes -- -- 124
-- Adjusted weighted average common shares and assumed conversions (used for diluted EPS) 17,384 18,123 18,358
==
Net income per common share: Diluted $ 2.11 $ 1.72 $ 1.65
==
Basic $ 2.15 $ 1.75 $ 1.67
==
* excludes 155 and 370 antidilutive stock options in fiscal 2004 and 2003, respectively (would have increased EPS because their exercise price exceeded our common stock's average price) Our convertible debentures will not lower diluted EPS until the price of our common stock exceeds the adjusted conversion price of $43.74. In fiscal periods when the average price of our common stock exceeds $43.74, the number of shares of common stock needed to deliver the value of the debentures over principal would be included as shares outstanding in calculating diluted EPS. NOTE 8 - INCOME TAXES The provision for income taxes comprised the following:
== Years Ended July 31, 2005 2004 2003 -- Currently payable: Federal $22,736 $20,011 $20,912 State 4,166 3,619 4,117 -- Total 26,902 23,630 25,029 Deferred (3,636) (3,673) (5,482) -- Provision for income taxes $23,266 $19,957 $19,547
== Net tax benefits from stock options and restricted stock reduced taxes currently payable and increased additional paid-in capital by $1,005 in fiscal 2005, $1,763 in fiscal 2004 and $132 in fiscal 2003. Income taxes calculated at statutory federal rates are reconciled to the provision for income taxes as follows:
== Years Ended July 31, 2005 2004 2003 -- Federal at statutory rates $20,971 $17,901 $17,372 State (net of federal benefit) 2,295 2,056 2,015 Nondeductible accrued interest on debt converted to equity -- -- 160 -- Provision for income taxes $23,266 $19,957 $19,547 ==
33 Deferred income taxes comprised the tax effect of the following temporary differences:
== July 31, 2005 2004 -- Deferred tax liabilities: Leasing transactions $ 16,675 $ 23,467 Net deferred origination costs and nonrefundable fees 6,430 7,138 Original issue discount on convertible debentures 4,698 1,076 Other 918 788 -- Total

28,721 32,469 -- Deferred tax assets: Allowance for credit losses (9,000) (9,082) Other (1,957) (1,987) -- Total (10,957) (11,069) -- Deferred income taxes $ 17,764 $ 21,400 == NOTE 9 - SALARIES AND OTHER EXPENSES Salaries and other expenses comprised the following: == Years Ended July 31, 2005 2004 2003 -- Salaries and employee benefits $11,057 $10,916 $11,404 Other expenses 10,420 12,542 11,987 -- Total $21,477 $23,458 $23,391 == NOTE 10 - LEASE COMMITMENTS We rent office space under leases expiring through fiscal 2011. At July 31, 2005, minimum future annual rentals due under these leases are $1,228 in fiscal 2006, $990 in fiscal 2007, $710 in fiscal 2008, $717 in fiscal 2009, $487 in fiscal 2010 and $368 in 2011. Office rent expense was $1,458 in fiscal 2005, $1,556 in fiscal 2004 and $1,427 in fiscal 2003. NOTE 11 - FAIR VALUES OF FINANCIAL INSTRUMENTS Our financial instruments comprise cash, finance receivables (excluding leases), commitments to extend credit, debt and interest rate swaps. The following methods were used to estimate the fair value of these financial instruments. Carrying values of cash, commercial paper, bank borrowings and asset securitization financings approximated their fair values based on their short-term maturities. Interest rate swaps are recorded at fair value based on market quotes from the swap counterparties. Fair value of the term notes was approximately $459,000 at July 31, 2005 and $523,000 at July 31, 2004, compared to their carrying amounts of $457,000 at July 31, 2005 and $520,000 at July 31, 2004. We calculated fair value based on the future cash flows of the notes discounted at current interest rates. Fair value of the $175,000 of 2.0% convertible debentures was $173,000 at July 31, 2005 and $172,000 at July 31, 2004 based on quoted market prices. It is not practicable for us to estimate the fair value of our finance receivables and commitments to extend credit. These financial instruments were not priced according to any set formulas, were not credit-scored and were not loan-graded. They comprise a substantial number of transactions with commercial customers in many industries, are secured by liens on various types of equipment and may be guaranteed by third parties. Any difference between the carrying value and the fair value of each transaction would be affected by a potential buyer's assessment of the transaction's credit quality, collateral value, third-party guarantees, payment history, yield, maturity, documents and other legal matters, and many other subjective considerations of the buyer. In addition, the value received in a fair market sale of a transaction would be based on the terms of the sale, the documents governing the sale, our and the buyer's views of general economic and industry conditions, our and the buyer's tax considerations, and many other factors. Information relevant to estimating the fair value of finance receivables is disclosed in Note 2. 34 NOTE 12 - SELECTED QUARTERLY DATA (UNAUDITED) == Earnings per Share ----------------- Revenues Net Income Diluted Basic -- Fiscal 2005, three months ended: ------------------------------ October 31, 2004 $29,892 $8,560 $0.50 $0.51 January 31, 2005 31,064 9,238 0.53 0.54 April 30, 2005 31,321 9,242 0.53 0.54 July 31, 2005 34,366 9,612 0.55 0.56 Fiscal 2004, three months ended: ------------------------------ October 31, 2003 $30,232 $7,152 $0.39 $0.39 January 31, 2004 29,579 7,791 0.42 0.43 April 30, 2004 29,029 8,036 0.44 0.45 July 31, 2004 29,465 8,211 0.48 0.49 == Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE None Item 9A. CONTROLS AND PROCEDURES Evaluation of Disclosure Controls and Procedures Our management (with our Chief Executive Officer's and Chief Financial Officer's participation) evaluated our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to ensure information required to be disclosed in reports we file or submit under the Securities Exchange Act of 1934 is timely recorded, processed, summarized and reported. Changes in Internal Control Over Financial Reporting There were no changes in our internal control over financial reporting during the fourth quarter of fiscal 2005 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Management's Report on Internal

Control Over Financial Reporting Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes according to accounting principles generally accepted in the United States of America. Internal control over financial reporting includes policies and procedures that (i) pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions (ii) provide reasonable assurance that our transactions are recorded as necessary to permit preparation of financial statements according to accounting principles generally accepted in the United States of America, and that our receipts and expenditures are being made only according to authorizations of our management and directors and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate. Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this evaluation, management concluded that our internal control over financial reporting was effective as of July 31, 2005. Our management's assessment of the effectiveness of our internal control over financial reporting was audited by KPMG LLP, an independent registered public accounting firm, as stated in their report on page 36. 35 Report of Independent Registered Public Accounting Firm The Board of Directors and Stockholders Financial Federal Corporation: We have audited management's assessment, included in the accompanying Report on Internal Control over Financial Reporting, that Financial Federal Corporation and subsidiaries (the "Company" or "Financial Federal") maintained effective internal control over financial reporting as of July 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. In our opinion, management's assessment that Financial Federal maintained effective internal control over financial reporting as of July 31, 2005, is fairly stated, in all material respects, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Also, in our opinion, Financial Federal maintained, in all material respects, effective internal control over financial reporting as of July 31, 2005, based on criteria established in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Financial Federal as of July 31, 2005 and 2004, and the related consolidated statements of income, changes in stockholders' equity and cash flows for each of the years in the three-year period ended July 31, 2005, and our report dated September 28, 2005 expressed an unqualified opinion on those consolidated financial statements. /s/ KPMG LLP New York, New York September 28, 2005 Item 9B. OTHER INFORMATION None. 36 PART III Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT The information required by Item 10 is incorporated by reference from information in the "Section 16(a) Beneficial Ownership Reporting Compliance" and "Nominees for Election as Directors" sections of our 2005 Definitive Proxy Statement to be filed pursuant to Regulation 14A for our Annual Meeting of Stockholders to be held December 13, 2005, except for biographical information for Executive Officers in Item 1 of this report. We adopted a code of business conduct and ethics for our principal executive officer, principal financial officer, principal accounting officer and employees performing similar functions. The code is posted in the Investor Relations section of our website, http://www.financialfederal.com, under Corporate Governance. We will satisfy the disclosure requirements of Item 5.05 of Form 8-K by posting any amendments or waivers to this code on our website. Item 11. EXECUTIVE COMPENSATION The information required by Item 11 is incorporated by reference from information in the "Executive Compensation" section of our 2005 Definitive Proxy Statement. Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS Equity Compensation Plan Information
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Number of securities remaining available Number of Weighted for future issuance securities to average under equity be issued upon exercise compensation plans exercise of price of (excluding securities outstanding outstanding reflected in column Equity compensation plan category options (a) options (b) (a)) (c)
-- Approved by security holders 1,204,001 $28.63 890,393(1) Not approved by security holders -- -- --
-- Total 1,204,001 $28.63 890,393
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(1) Comprises 514,843 stock options or shares of restricted stock issuable under our Amended and Restated 1998 Stock Option/Restricted Stock Plan and 375,550 shares of restricted stock issuable under our 2001 Management Incentive Plan. Other information required to be disclosed under Item 12 is incorporated by reference from information in the "Security Ownership of Certain Beneficial Owners and Management" section of our 2005 Definitive Proxy Statement. Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS The information required by Item 13 is incorporated by reference from information in the "Certain Transactions" section of our 2005 Definitive Proxy Statement. Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES The information required by Item 14 is incorporated by reference from information in the "Principal Accounting Fees and Services" section of our 2005 Definitive Proxy Statement. 37 PART IV Item 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES (a) Documents filed in this report: 1. INDEX TO FINANCIAL STATEMENTS: Page ----- Report of Independent Registered Public Accounting Firm 19 Consolidated Balance Sheets at July 31, 2005 and 2004 20 Consolidated Income Statements for the fiscal years ended July 31, 2005, 2004 and 2003 21 Consolidated Statements of Changes in Stockholders' Equity for the fiscal years ended July 31, 2005, 2004 and 2003 22 Consolidated Statements of Cash Flows for the fiscal years ended July 31, 2005, 2004 and 2003 23 Notes to Consolidated Financial Statements 24-35 2. FINANCIAL STATEMENT SCHEDULES All schedules were omitted because the required information is included in the Consolidated Financial Statements or accompanying notes. 3. EXHIBITS Exhibit No. Description of Exhibit -- 3.1 (a) Articles of Incorporation 3.4 (d) Certificate of Amendment of Articles of Incorporation dated December 9, 1998 3.6 (e) Restated By-laws as amended through March 7, 2000 4.12 (c) Specimen Common Stock Certificate 4.14 (k) Purchase Agreement, dated April 5, 2004, between Registrant and Banc of America Securities LLC and J.P. Morgan Securities Inc. for Registrant's $150 million 2.0% Convertible Senior Debentures due 2034 4.15 (k) Indenture, dated as of April 12, 2004, between Registrant and Deutsche Bank Trust Company Americas for Registrant's $175 million 2.0% Convertible Senior Debentures due 2034 4.16 (k) Registration Rights Agreement, dated April 12, 2004, between Registrant and Banc of America Securities LLC and J.P. Morgan Securities Inc. for Registrant's $150 million 2.0% Convertible Senior Debentures due 2034 4.17 (k) Specimen 2.0% Convertible Senior Debenture due 2034 10.21 (b)

Form of Commercial Paper Dealer Agreement *10.25 (g) Amended and Restated 1998 Stock Option/Restricted Stock Plan *10.26 (e) Deferred Compensation Agreement dated March 7, 2000 between the Registrant and former CEO *10.27 (f) 2001 Management Incentive Plan for the CEO *10.30 (h) Form of Restricted Stock Agreement dated March 1, 2002 between the Registrant and its CEO *10.31 (h) Form of Restricted Stock Agreement between the Registrant and certain senior officers *10.32 (i) Supplemental Retirement Benefit dated June 4, 2002 between the Registrant and its CEO *10.33 (j) Agreement to Defer Restricted Stock dated February 26, 2004 between the Registrant and its CEO *10.34 (j) Agreement to Defer Restricted Stock dated February 26, 2004 between the Registrant and its CEO *10.35 (l) Form of Incentive Stock Option Agreement (pursuant to the Registrant's Amended and Restated 1998 Stock Option/Restricted Stock Plan) *10.36 (l) Form of Non-Qualified Option Agreement (pursuant to the Registrant's Amended and Restated 1998 Stock Option/Restricted Stock Plan) *10.37 (m) Restricted Stock Agreement dated October 14, 2004 between the Registrant and its CEO 12.1 ** Computation of Debt-To-Equity Ratio 21.1 ** Subsidiaries of the Registrant 23.1 ** Consent of Independent Registered Public Accounting Firm 31.1 ** Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer 31.2 ** Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer 38 32.1 ** Section 1350 Certification of Chief Executive Officer 32.2 ** Section 1350 Certification of Chief Financial Officer Previously filed with the Securities and Exchange Commission as an exhibit to our: --- (a) Registration Statement on Form S-1 (Registration No. 33-46662) filed May 28, 1992 (b) Form 10-K for the fiscal year ended July 31, 1996 (c) Registration Statement on Form S-3 (Registration No. 333-56651) filed June 11, 1998 (d) Form 10-Q for the quarter ended January 31, 1999 (e) Form 10-Q for the quarter ended January 31, 2000 (f) Form 10-Q for the quarter ended April 30, 2001 (g) Registration Statement on Form S-8 POS (Registration No. 333-50962) filed February 15, 2002 (h) Form 10-Q for the quarter ended April 30, 2002 (i) Form 10-K for the fiscal year ended July 31, 2002 (j) Form 10-Q for the quarter ended January 31, 2003 (k) Form 8-K dated April 19, 2004 (l) Form 10-K for the fiscal year ended July 31, 2004 (m) Form 10-Q for the quarter ended October 31, 2004 * management contract or compensatory plan ** filed with this report 39 SIGNATURES Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized. FINANCIAL FEDERAL CORPORATION (Registrant) By: /s/ Paul R. Sinsheimer --- Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer) October 7, 2005 -------------- Date Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated. /s/ Lawrence B. Fisher October 7, 2005 --- -------------- Director Date /s/ William C. MacMillen, Jr. October 7, 2005 --- -------------- Director Date /s/ Michael C. Palitz October 7, 2005 --- -------------- Director Date /s/ Thomas F. Robards October 7, 2005 --- -------------- Director Date /s/ Leopold Swergold October 7, 2005 --- -------------- Director Date /s/ H. E. Timanus, Jr. October 7, 2005 --- -------------- Director Date /s/ Michael J. Zimmerman October 7, 2005 --- -------------- Director Date /s/ Steven F. Groth October 7, 2005 --- -------------- Senior Vice President and Chief Financial Officer Date (Principal Financial Officer) /s/ David H. Hamm October 7, 2005 --- -------------- Vice President, Controller and Treasurer Date (Principal Accounting Officer) 40