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TFS Financial Corporation®

STRONG ★ STABLE ★ SAFE®



07
TFS FINANCIAL
CORPORATION
ANNUAL REPORT

Filings Services

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**A LETTER FROM OUR CHAIRMAN
AND CHIEF EXECUTIVE OFFICER**



When my parents, Ben and Gerome Stefanski, founded Third Federal Savings and Loan in the middle of the Great Depression, they were interested in creating a company where customers' funds would be safe. For nearly 70 years, we have adhered to that strategy, even during times when it appeared we were missing opportunities, such as the recent high-risk lending frenzy.

We have maintained our objectives established in 1938 to create value for our customers, associates, community and now, stockholders. It's the same mission my parents adhered to for the entire time they operated Third Federal. They knew that successful home ownership builds strong communities, and we know that, too. Consequently, we remain committed to conventional residential mortgage lending, ensuring that our customers have the ability to repay their loans. Additionally, savings deposit retention has been very high and continues to grow (in 2007, we reached \$8 billion in deposits).

In fact, our strong, stable and safe approach to banking contributed to an oversubscription of our stock when TFS Financial Corporation, the parent company of Third Federal, became a public company with a minority initial public offering (IPO) in April of 2007. The IPO funds resulted in nearly \$1 billion in capital, and I was gratified to find that level of trust among our customers. Our strong capital position will allow us to take advantage of lending and expansion opportunities during the coming year. Our immediate expansion plans are in Florida where we already have built a presence on both coasts of the state. The IPO funds also will give us flexibility in a changing competitive environment and will help us attract the qualified associates we will need in the future.

The overwhelming support of our depositors in acquiring our stock also has permitted us to establish our \$55 million Third Federal Foundation to help the communities we serve. The foundation has made a \$1 million donation to the Cleveland Metropolitan School District to help families at risk, along with a \$1 million donation for scholarships to Cleveland Central Catholic High School, which is located in our headquarters neighborhood.

Further, because our company has benefited significantly from our many loyal longtime associates, we established an Employee Stock Ownership Plan (ESOP) and based our first two years of contributions on years of service. In the future, stock awards will be shared equally among all associates. These stock awards are made at no cost to associates and are unique since companies generally award stock to associates based on compensation.

We are grateful to our depositors who oversubscribed our stock offering. It is significant to me that my parents started Third Federal with \$50,000 from potential depositors who had faith in their ability to run a successful savings and loan. And, this year, our depositors showed their continued trust in Third Federal by purchasing nearly \$1 billion of our stock.

We thank you for your loyalty and support. We look forward to sharing with you our continued success.

Bank Smart. Live Better.

Marc A. Stefanski

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BOARD OF DIRECTORS

Marc A. Stefanski
Chairman

Bernard S. Kobak
Secretary

Thomas J. Baird

Martin J. Cohen

Robert A. Fiala

John J. Fitzpatrick

James S. Gascoigne

William C. Mulligan

Marianne Piterans

Paul W. Stefanik

Reverend Anthony W. Zepp

THIRD FEDERAL MANAGEMENT TEAM

MANAGEMENT TEAM

Marc A. Stefanski
Chairman and Chief Executive Officer

Ralph M. Betters
Chief Information Officer

David S. Huffman
Chief Financial Officer

Paul J. Huml
*Chief Operating Officer
TFS Financial Corporation*

Diana S. Neely
Regional Manager, Florida

John P. Ringenbach
Chief Operating Officer

Marianne Piterans
*Executive Officer / Director,
Human Resources*

INVESTOR RELATIONS

Paul J. Huml
Chief Operating Officer

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CORPORATE HEADQUARTERS

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