

H&R Block Releases Tax Season Results Through April 18

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KANSAS CITY, MO, Apr 26, 2011 (MARKETWIRE via COMTEX) --

H&R Block, Inc. (NYSE: HRB)

- Total tax returns prepared grow by 1.2 million or 6.1 percent; retail returns prepared up 3.6 percent
- Total online(1) returns prepared increase 26.8 percent; total digital returns up 12.1 percent
- Net retail tax preparation fees for the month of April increase nearly 11 percent
- Company expects fiscal 2011 Tax Services segment revenues of approximately \$2.9 billion and Tax Services pretax margin of 24.5 to 25.0 percent

H&R Block, Inc. (NYSE: HRB) today reported tax season-to-date results for the interim period Nov. 1, 2010 to April 18, 2011. Total tax returns prepared grew by 1.2 million, or 6.1 percent compared to the prior year.

"Through effective and connected marketing, successful new client acquisition plans, refined employee incentives and strong execution, we overcame a challenging operating environment and exceeded our internal client growth targets," said Alan Bennett, H&R Block's president and chief executive officer. "Our preliminary estimates suggest we gained approximately 60 to 80 basis points of market share in retail and approximately 80 to 90 basis points of share in the digital online category. Although we have incurred some one-time charges in part as a result of losing RALs, we have built a solid base of new and younger clients, which positions us well for future revenue and profit expansion," added Bennett.

Total retail returns prepared through April 18 increased 3.6 percent compared to the prior year, while aggregate net retail tax preparation fees grew 0.2 percent. Net retail tax preparation fees during the second half of the tax season (March 1 - April 18) increased 7.1 percent compared to the prior year, led by 4.3 percent growth in retail returns prepared.

"In our retail business, our field, franchisee, and support teams drove client growth in the second half of the tax season that exceeded both our strong first half results and our own expectations," said Phil Mazzini, H&R Block's president of retail tax services. "This tax season, our client service improvement initiatives drove retail retention gains of 2.7 percentage points and our client acquisition efforts led to new retail client growth of more than 18 percent," added Mazzini.

Total digital tax returns prepared through April 18 increased 12.1 percent, led by strong growth of 26.8 percent in online filings (1). During the second half of the tax season, total digital returns prepared increased 11.1 percent, including growth of nearly 21 percent in online filings.

Forward-Looking Guidance

The company expects to report fiscal 2011 Tax Services segment revenues of approximately \$2.9 billion. Pretax margin for the segment is expected to be in the range of 24.5 to 25.0 percent, compared to 29.2 percent in the prior year. The decline in margin is primarily attributable to previously disclosed charges, many of which were primarily related to the December 2010 termination of the contract with HSBC for RAL origination. Attached to this press release is a schedule comparing the actual fiscal 2010 and estimated 2011 Tax Services pretax margin.

H&R Block plans to report its fourth quarter and fiscal 2011 results on Thursday, June 23 after the NYSE market close.

Forward-Looking Statements

This announcement may contain forward-looking statements, which are any statements that are not historical facts. These forward-looking statements, as well as the Company's guidance, are based upon the Company's current expectations and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and

uncertainties and speak only as of the date on which they are made, the Company's actual results could differ materially from these statements. These risks and uncertainties relate to, among other things, uncertainties regarding the Company's ability to attract and retain clients; meet its prepared returns targets; uncertainties and potential contingent liabilities arising from our former mortgage loan origination and servicing business; uncertainties in the residential mortgage market and its impact on loan loss provisions; uncertainties pertaining to the commercial debt market; competitive factors; the Company's effective income tax rate; litigation defense expenses and costs of judgments or settlements; uncertainties regarding the level of share repurchases; and changes in market, economic, political or regulatory conditions. Information concerning these risks and uncertainties is contained in Item 1A of the Company's 2010 annual report on Form 10-K and in other filings by the Company with the Securities and Exchange Commission. The Company does not undertake any duty to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

About H&R Block

H&R Block Inc. (NYSE: HRB) is one of the world's largest tax services providers, having prepared more than 550 million tax returns worldwide since 1955. In fiscal 2010, H&R Block had annual revenues of \$3.9 billion and prepared more than 23 million tax returns worldwide, utilizing more than 100,000 highly trained tax professionals. The Company provides tax return preparation services in person, through H&R Block At Home(TM) online and desktop software products, and through other channels. The Company is also one of the leading providers of business services through RSM McGladrey. For more information, visit our Online Press Center.

(1) Total online returns prepared exclude software-based and Free File Alliance ("FFA") returns.

H&R BLOCK

Preliminary U.S. Tax Operating Data

(in thousands, except net average fee)

	Tax Season YTD 4/18/11	Tax Season YTD 4/18/10	Percent change
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Net tax preparation fees - retail: (1,2)			
Company-owned operations	\$ 1,690,295	\$ 1,695,486	-0.3%
Franchise operations	931,100	921,664	1.0%
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	\$ 2,621,395	\$ 2,617,150	0.2%
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Total returns prepared: (2,4,5)			
Company-owned operations	8,940	8,602	3.9%
Franchise operations	5,435	5,272	3.1%
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Total retail operations	14,375	13,874	3.6%
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Software	2,121	2,136	-0.7%
Online	3,578	2,822	26.8%
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Sub-total	5,699	4,958	14.9%
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Free File Alliance	740	786	-5.9%
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Total digital tax solutions	6,439	5,744	12.1%
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	20,814	19,618	6.1%
	=====	=====	=====
Net average fee - retail: (2,3)			
Company-owned operations	\$ 189.07	\$ 197.10	-4.1%
Franchise operations	171.31	174.82	-2.0%
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	\$ 182.35	\$ 188.63	-3.3%
	=====	=====	=====

(1) Amounts include gross tax preparation fees less coupons and discounts.

(2) Prior year tax preparation fees (in thousands) of \$70,199 and returns prepared (in thousands) of 365 have been reclassified between company-owned and franchise operations for offices which were refranchised during either year.

- (3) Amounts are calculated as net retail tax preparation fees divided by retail tax returns.
- (4) Tax season is defined as November 1st through the reporting date. Retail returns (in thousands) for the period May 1 through October 31 were 339 (fiscal year 2011) and 315 (fiscal year 2010). Digital returns (in thousands) for the period May 1 through October 31 were 124 (fiscal year 2011) and 103 (fiscal year 2010).
- (5) Total Returns Prepared include the filing of (in thousands) 93 and 38 extensions for 2011 and 2010 respectively.

FY11 Tax Segment YOY Margin Bridge

Estimated fiscal 2011 Tax Segment revenues	\$ 2,900.0	100.0%
	=====	=====
Fiscal 2010 segment pretax margin		29.2%

Special items:

Incremental Emerald Advance credit losses (due to loss of certain prior clients and the company's inability to offer refund anticipation loans ("RAL") this tax season	\$ (40.5)	-1.4%
Asset impairments	\$ (24.6)	-0.8%
Margin loss from HSBC RAL contract termination	\$ (23.6)	-0.8%
Litigation charges	\$ (15.0)	-0.5%
Termination benefits	\$ (14.3)	-0.5%
All Other		-0.2% to -0.7%

Estimated fiscal 2011 segment pretax margin	24.5% to 25.0%
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For Further Information

Investor Relations:

Derek Drysdale
 816-854-4513
 Email Contact

Media Relations:

Jennifer Love
 816-854-4448
 Email Contact

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