

H&R Block Implements Cost Reduction Program

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Company Plans to Lower Costs \$110 Million Annually

Reductions under Way in Corporate Support Staff and Other Overhead Spending

KANSAS CITY, Mo.--(BUSINESS WIRE)--Jan. 31, 2008--H&R Block, Inc. (NYSE:HRB) today announced it has begun implementing a program to reduce corporate staff and overhead expenses by approximately \$110 million per year. The Company expects to incur a pre-tax charge for severance-related benefits of approximately \$17 million, most of which will be incurred in its fiscal third quarter ending Jan. 31, 2008, with the remainder occurring in the quarter ending April 30, 2008. None of the positions affected by today's announcement are involved in field tax services or business services, which remain unaffected by today's announcement.

Richard C. Breeden, Chairman of H&R Block, stated: "This program is another step in our efforts to refocus the overall business of H&R Block and to tighten efficiency. This reduction in Kansas City corporate support staff reflects the downsizing of the Company as a result of our exit from the mortgage business, as well as a determined effort to attack excessive costs across the board in the rest of the Company. This is an important step on the road to sustained growth in shareholder value."

By April 30, 2008, the Company will eliminate approximately 325 filled and 180 open positions, representing approximately 23 percent of corporate support staffing. The Company expects to reduce compensation expense by approximately \$50 million per year, or 12 percent of corporate support compensation and benefits costs. In addition, approximately \$60 million of non-compensation overhead expenses such as consulting, travel and entertainment, will also be eliminated, representing 18 percent of such expenses.

"While these steps are painful, they are necessary to reconfigure H&R Block to improve operating margins and cash flow. Creating a culture of cost discipline is vital for each of our businesses as a complement to tighter strategic focus. We believe that the result will be a stronger Company with greater ability to grow its shareholder value and its position in the market," noted Mr. Breeden. "We appreciate the loyalty and hard work of the associates who are affected by these actions."

Forward-Looking Statements

This announcement may contain forward-looking statements, which are any statements that are not historical facts. These forward-looking statements are based upon the current expectations of the company 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, the uncertainty that the company will achieve or exceed its revenue, earnings, and earnings-per-share growth goals or expectations, any disposition of the servicing business of Option One Mortgage Corporation, in whole or in part; uncertainties in the subprime mortgage industry and its impact on any operations of Option One Mortgage Corporation that continue to be operated by H&R Block; the liquidity demands associated with funding servicing advances to loan pools serviced by the company; potential litigation and other contingent liabilities arising from Option One Mortgage Corporation's historical and ongoing operations; uncertainties pertaining to the commercial debt market; competitive factors; regulatory capital requirements; the company's effective income tax rate; litigation; uncertainties associated with engaging a new auditor; and changes in market, economic, political or regulatory conditions. Information concerning these risks and uncertainties is contained in Item 1A of the company's 2007 annual report on Form 10-K and in other filings by the company with the Securities and Exchange Commission.

About H&R Block

H&R Block Inc. (NYSE:HRB) is the world's largest tax services provider, having prepared more than 400 million tax returns since 1955. The company and its subsidiaries reported revenues of \$4.0 billion and net income from continuing operations of \$374.3 million in fiscal year 2007. The company has continuing operations in three principal business segments: Tax Services (income tax return preparation and related services and products via in-office, online and software solutions); Business Services (accounting, tax and business consulting services primarily for mid-sized companies); and Consumer Financial Services (brokerage services, investment planning and related financial advice along with full-service consumer banking). Headquartered in Kansas City, Mo., H&R Block markets its continuing services and products under two leading brands - H&R Block and RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

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