

## H&R Block Serves Record Total U.S. Clients in 2007 Tax Season

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KANSAS CITY, Mo.--(BUSINESS WIRE)--May 10, 2007--H&R Block Inc. (NYSE: HRB) today reported that total U.S. clients served during the 2007 tax season reached a record 19.9 million, up 3.8 percent versus the year-ago period.

The record performance included growth in both the H&R Block retail office and digital businesses. Digital tax clients climbed 16.3 percent from 2006 to more than 4.3 million - reflecting a solid gain in market share - while office-based clients rose 0.7 percent to over 15.5 million.

"Industry-leading tax professional service, innovative products and outstanding execution all contributed to a very strong filing season for H&R Block," said Mark A. Ernst, chairman and chief executive officer. "We are at work preparing for tax season 2008, when we expect to build on the momentum and lessons of this season."

Net tax preparation fees for H&R Block's U.S. retail office operations increased to \$2.5 billion, a 6.6 percent gain, in line with company expectations. The net average fee per retail tax preparation client of \$165 was also up 6.6 percent.

The company continues to expect that fiscal 2007 earnings from continuing operations will be \$1.15 to \$1.25 per share. Fourth quarter and fiscal 2007 results will be reported on June 21, 2007.

### About H&R Block

H&R Block Inc. (NYSE: HRB) is a leading provider of tax, financial, and accounting and business consulting services and products. H&R Block 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 \$4.9 billion and net income of \$490 million in fiscal year 2006. The company currently operates in three principal business segments: Tax Services (income tax preparation and advice via in-office, online and software solutions); Business Services (accounting, tax and business consulting services for mid-sized companies); and Consumer Financial Services (investment and financial advisory services and banking services). 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](http://www.hrblock.com).

### Forward-Looking Statement

The information contained in this press release may contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Such statements are based upon current information and management's expectations regarding the company, speak only as of the date on which they are made, are not guarantees of future performance, and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such forward-looking statements. Such differences could be caused by a number of factors including, but not limited to, the uncertainty regarding completion of the sale of Option One Mortgage Corp. or the consideration to be received by the company upon completing such sale; the uncertainty that the company will achieve or exceed its revenue, earnings and earnings-per-share growth goals or expectations for fiscal year 2007; the uncertainty of the company's ability to purchase shares of its common stock pursuant to the board of directors' authorization; the uncertainty of the impact and effect of changes in the non-prime mortgage market, including changes in interest rates, loan origination volume and levels of early payment defaults and resulting loan repurchases; changes in the company's effective income tax rate; litigation involving the company and its subsidiaries; changes in market, economic, political or regulatory environments; changes in management and strategies; and risks described from time to time in reports and statements filed by the company and its subsidiaries with the Securities and Exchange Commission.

H&R BLOCK  
Preliminary U.S. Tax Operating Data

(in thousands, except average fee)

	February	March	April	YTD	
	11/1-1/31	2/1-2/28	3/1-3/31	4/1-4/18(5)	
	2/1-2/28	3/1-3/31	4/1-4/18(5)	11/1-4/18(5)	
Net tax preparation fees:(1)					
Fiscal year 2007					
Company-owned operations	\$424,770	\$613,275	\$349,257	\$348,759	\$1,736,061
Franchise operations	218,894	298,496	144,561	140,180	802,131
	\$643,664	\$911,771	\$493,818	\$488,939	\$2,538,192
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Fiscal year 2006(2)					
Company-owned operations	\$376,419	\$606,078	\$335,544	\$328,516	\$1,646,557
Franchise operations	190,535	282,127	135,074	125,695	733,431
	\$566,954	\$888,205	\$470,618	\$454,211	\$2,379,988
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Percent change					
Company-owned operations	12.8%	1.2%	4.1%	6.2%	5.4%
Franchise operations	14.9%	5.8%	7.0%	11.5%	9.4%
Total retail operations	13.5%	2.7%	4.9%	7.6%	6.6%
Total clients served:(3)					
Fiscal year 2007					
Company-owned operations	2,729	3,535	2,001	1,900	10,165
Franchise operations	1,607	1,948	942	857	5,354
	4,336	5,483	2,943	2,757	15,519
Total retail offices	4,336	5,483	2,943	2,757	15,519
Digital tax solutions	1,279	1,620	716	729	4,344
	5,615	7,103	3,659	3,486	19,863
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Fiscal year 2006(2)					
Company-owned operations	2,390	3,854	2,045	1,870	10,159
Franchise operations	1,406	2,081	941	820	5,248

Total retail offices	3,796	5,935	2,986	2,690	15,407
Digital tax solutions	1,157	1,362	658	559	3,736
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	4,953	7,297	3,644	3,249	19,143
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Percent change					
Company-owned operations	14.2%	-8.3%	-2.2%	1.6%	0.1%
Franchise operations	14.3%	-6.4%	0.1%	4.5%	2.0%
Total retail operations	14.2%	-7.6%	-1.4%	2.5%	0.7%
Digital tax solutions	10.5%	18.9%	8.8%	30.4%	16.3%
Total	13.4%	-2.7%	0.4%	7.3%	3.8%

Net average fee - retail:(4)					
Fiscal year 2007					
Company-owned operations	\$169.47	\$165.86	\$174.82	\$184.01	\$171.94
Franchise operations	147.42	146.08	153.54	164.27	150.69
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	\$161.27	\$158.82	\$168.00	\$177.88	\$164.60
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Fiscal year 2006(2)					
Company-owned operations	\$157.48	\$157.25	\$164.07	\$175.72	\$162.08
Franchise operations	135.51	135.54	143.61	153.39	139.77
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	\$149.35	\$149.64	\$157.63	\$168.91	\$154.48
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Percent change					
Company-owned operations	7.6%	5.5%	6.5%	4.7%	6.1%
Franchise operations	8.8%	7.8%	6.9%	7.1%	7.8%
Total retail operations	8.0%	6.1%	6.6%	5.3%	6.6%

- (1) Gross tax preparation fees less coupons and discounts.
- (2) Prior year numbers have been reclassified between company-owned and franchise offices for offices which commenced company-owned operations during fiscal year 2007.
- (3) Tax preparation clients for which revenue was earned and Instant Money Advance Loan (IMAL) clients.
- (4) Calculated as net tax preparation fees divided by retail tax preparation clients served.
- (5) Information for both years presented is through April 18 as the traditional April 15 filing deadline fell on weekend days and certain

parts of the country observed legal holidays on April 16, 2007 and April 17, 2006. For 2007, residents of the Northeast were given a filing extension to April 26. Clients served information for our software channel, which is included in Digital Tax Solutions, is through April 21, 2007 and April 22, 2006.

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**SOURCE: H&R Block Inc.**