

## **H&R Block Reports Interim Tax Season Data Through Feb. 28**

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### ***Re-Affirms FY02 Earnings Guidance***

H&R Block Inc. (NYSE: HRB) said interim results for the current tax season through Feb. 28 indicate that the company remains on track to meet expectations set by its previously announced guidance for revenue and earnings.

H&R Block reported \$1.2 billion in fees from tax preparation and related services from Jan. 1 through Feb. 28, up 12.4 percent for the same period last year. Total clients served increased 3.8 percent to 11.2 million. The average fee per client served rose 9 percent to \$115.93.

"These results are right on target for where we expected to be at this point in the tax season. While several important weeks of the tax season remain, filing trends suggest that the tax business will meet our previously announced revenue and earnings goals for the full year," said Mark A. Ernst, president and chief executive officer.

Through Feb. 28, tax professionals in H&R Block offices prepared 10.3 million returns, an increase of 4.9 percent. During this period, H&R Block filed 92 percent of returns processed by the company electronically.

When H&R Block announced its third quarter earnings on Feb. 27, the company said it expected its fiscal year earnings to be in the range of \$2.20- to-\$2.30 per share, an increase of 45-to-50 percent over last year's earnings. The company said it expected overall revenue growth to be within a target range of 10-to-15 percent for the year.

In an unrelated matter, the company noted that its third quarter earnings release attributed 66 percent of H&R Block Mortgage Corp.'s retail mortgage originations to referrals from H&R Block's tax client base. In fact, 40 percent of these referrals came from tax clients, while 26 came from H&R Block Financial Advisors and Option One Servicing clients.

Except for historical information contained herein, the matters set forth in this press release are forward-looking statements based upon current information and expectations. Such statements 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 could cause actual results to differ materially 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 uncertainties that the company will achieve its revenue, earnings and earnings per share goals for fiscal year 2002, that the level of growth experienced in U.S. tax operations through February 28, 2002 will continue throughout the remainder of the tax season and fiscal year, that actual financial results for fiscal year 2002 will fall within the guidance provided by the company, and of the continued strong performance of the mortgage operations segment; changes in economic, political or regulatory environments; and risks described from time to time in reports and registration statements filed by H&R Block Inc. and its subsidiaries with the Securities and Exchange Commission. Readers should take these factors into account in evaluating such forward-looking statements.

### **About H&R Block**

H&R Block Inc. is a diversified company with subsidiaries providing a range of financial products and services. In 2001, H&R Block served 19.2 million taxpayers - more than any tax or accounting firm -- through its more than 10,400 offices located in the United States, Canada, Australia and the United Kingdom. H&R Block served another 2.3 million tax clients through its award-winning TaxCut(R) software program and through its online tax preparation services. Investment services and securities products are offered through H&R Block Financial Advisors Inc., member NYSE, SIPC. H&R Block, Inc. is not a registered broker-dealer. H&R Block Mortgage Corporation and Option One Mortgage Corporation offer a range of home mortgage products. RSM McGladrey Inc. is a national accounting, tax and consulting firm with 100 offices nationwide, as well as an affiliation with 550 offices in 75 countries as the U.S. member of RSM International. Additional information is available on the company's Web site at [www.hrblock.com](http://www.hrblock.com) .

Preliminary U.S. Tax Operating Data

Amounts in thousands, except average charge and number of offices

Period	1/1-1/31	2/1-2/15	2/16-2/28	YTD 2/28
Tax preparation & related fees				
Fiscal year 2002				
Company owned offices	\$259,783	\$355,534	\$156,840	\$772,157
Franchised offices	149,078	199,762	91,427	440,267
	\$408,861	\$555,296	\$248,267	\$1,212,424
Fiscal year 2001				
Company owned offices	\$226,830	\$321,949	\$144,275	\$693,054
Franchised offices	124,116	181,301	80,551	385,968
	\$350,946	\$503,250	\$224,826	\$1,079,022
Percent change				
Company owned offices	14.5%	10.4%	8.7%	11.4%
Franchised offices	20.1%	10.2%	13.5%	14.1%
Total	16.5%	10.3%	10.4%	12.4%
Tax returns prepared				
Fiscal year 2002				
Company owned offices	2,129	2,873	1,253	6,255
Franchised offices	1,354	1,815	837	4,006
	3,483	4,688	2,090	10,261
Fiscal year 2001				
Company owned offices	2,029	2,796	1,231	6,056
Franchised offices	1,214	1,740	773	3,727
	3,243	4,536	2,004	9,783
Percent change				
Company owned offices	4.9%	2.8%	1.8%	3.3%
Franchised offices	11.5%	4.3%	8.3%	7.5%
Total	7.4%	3.4%	4.3%	4.9%
Total clients served				
Fiscal year 2002				
Company owned offices	2,149	2,902	1,264	6,315
Franchised offices	1,406	1,877	860	4,143
E-commerce *	143	414	219	776
	3,698	5,193	2,343	11,234
Fiscal year 2001				
Company owned offices	2,069	2,852	1,252	6,173
Franchised offices	1,303	1,853	812	3,968
E-commerce *	109	367	202	678
	3,481	5,072	2,266	10,819
Percent change				
Company owned offices	3.9%	1.8%	1.0%	2.3%
Franchised offices	7.9%	1.3%	5.9%	4.4%
E-commerce *	31.2%	12.8%	8.4%	14.5%
Total	6.2%	2.4%	3.4%	3.8%
Tax returns filed electronically**				

Fiscal year 2002				
Company owned				
offices	2,081	2,726	1,109	5,916
Franchised offices	1,333	1,675	693	3,701
E-commerce *	119	382	214	715
	3,533	4,783	2,016	10,332
Fiscal year 2001				
Company owned				
offices	1,977	2,613	1,065	5,655
Franchised offices	1,204	1,578	597	3,379
E-commerce *	96	352	194	642
	3,277	4,543	1,856	9,676
Percent change				
Company owned				
offices	5.3%	4.3%	4.1%	4.6%
Franchised offices	10.7%	6.2%	16.1%	9.5%
E-commerce *	24.0%	8.5%	10.3%	11.4%
Total	7.8%	5.3%	8.6%	6.8%
Percent filed electronically				
Fiscal year 2002				
Company owned				
offices	96.8%	93.9%	87.7%	93.7%
Franchised offices	94.8%	89.2%	80.6%	89.3%
E-commerce *	83.2%	92.3%	97.7%	92.1%
	95.5%	92.1%	86.0%	92.0%
Fiscal year 2001				
Company owned				
offices	95.6%	91.6%	85.1%	91.6%
Franchised offices	92.4%	85.2%	73.5%	85.2%
E-commerce *	88.1%	95.9%	96.0%	94.7%
	94.1%	89.6%	81.9%	89.4%
Average fee per client served				
Fiscal year 2002				
Company owned				
offices	\$120.89	\$122.51	\$124.08	\$ 122.27
Franchised offices	\$106.03	\$106.43	\$106.31	\$ 106.27
	\$115.01	\$116.20	\$116.89	\$ 115.93
Fiscal year 2001				
Company owned				
offices	\$109.63	\$112.89	\$115.24	\$ 112.27
Franchised offices	\$ 95.25	\$ 97.84	\$ 99.20	\$97.27
	\$104.08	\$106.96	\$108.93	\$ 106.40
Percent change				
Company owned				
offices	10.3%	8.5%	7.7%	8.9%
Franchised offices	11.3%	8.8%	7.2%	9.3%
Total	10.5%	8.6%	7.3%	9.0%
Refund anticipation loans				
Fiscal year 2002				
Company owned				
offices	1,196	1,318	298	2,812
Franchised offices	767	824	172	1,763
E-commerce *	8	17	7	32
	1,971	2,159	477	4,607
Fiscal year 2001				
Company owned				
offices	1,020	1,177	272	2,469
Franchised offices	647	704	150	1,501
E-commerce *	5	17	8	30
	1,672	1,898	430	4,000
Percent change				
Company owned				
offices	17.3%	12.0%	9.6%	13.9%

Franchised offices	18.6%	17.1%	14.7%	17.5%
E-commerce *	60.0%	0.0%	-12.5%	6.7%
Total	17.9%	13.8%	10.9%	15.2%

Offices	FY 2002	FY 2001	% Change
Company owned offices	5,017	5,060	-0.8%
Franchised offices	3,998	4,012	-0.3%
	9,015	9,072	-0.6%

\* Includes on-line completed and paid returns and e-filings for software clients.

\*\* Includes Federal only. State returns also electronically filed are not included in this total.

SOURCE H&R Block Inc.

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