

H&R Block Reports Record Q3 Results, Strong Start to Tax Season

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Company Reports 16-Cent Earnings Per Share, Raises Fiscal 2002 Earnings Guidance

H&R Block Inc. (NYSE: HRB) today reported record third quarter revenues and earnings due to strong results in its U.S. tax and mortgage businesses. The company raised its earnings guidance for the fiscal year on the basis of its strong third quarter results and growing confidence in the results expected from the current tax-filing season. In addition, the company declared its quarterly dividend.

For the third quarter ended Jan. 31, 2002, H&R Block's earnings increased to \$29.6 million, or 16 cents per basic and diluted share, up from \$4.5 million, or 2 cents per basic and diluted share, last year. Cash earnings improved \$13.5 million, or 52.2 percent, to \$39.4 million, or 21 cents per diluted share, compared with \$25.9 million, or 14 cents per diluted share last year. The company defines cash earnings as net earnings from operations excluding the after-tax effect of amortization expense of acquired intangible assets.

Revenues for the third quarter increased 11 percent to \$728 million, compared to \$656 million in last year's third quarter.

"We had a great start to the tax season and an outstanding third quarter. We saw growth in the number of tax clients that we served in January, and our clients' tax returns were more complex due to changes in the tax laws," said Mark A. Ernst, president and chief executive officer, H&R Block.

"It's difficult to fully predict results for the entire tax season based on early season filings, but overall trends indicate that we're on track with previously announced growth targets for our U.S. tax operations," Ernst said. "Coupled with the continued strength of our mortgage operations, we're raising guidance for our full year results to a range of \$2.20-to-\$2.30, up 45-to-50 percent over last year's earnings. We expect overall revenue growth to be within our target range of 10-to-15 percent for the year."

Fiscal 2002 third quarter results reflect the company's previously announced early adoption of Statement of Financial Accounting Standards No. 141 and 142 (SFAS 141 and 142) related to business combinations, goodwill and other intangible assets. This change resulted in the elimination of goodwill and certain other intangible asset amortization as of May 1, 2001. The adoption of SFAS 141 and 142 represents \$11.9 million, or 6 cents per diluted share, of the improvement over the prior year's third quarter.

In the quarter, the company's performance as measured by earnings before interest (including interest expense on acquisition debt, investment income and interest allocated to operating business units), taxes, depreciation and amortization (EBITDA), increased 25.1 percent, or \$21.8 million to \$108.5 million compared to \$86.7 million last year.

U.S. Tax Operations

H&R Block's U.S. tax operations reported revenues of \$379.2 million, an increase of \$57.3 million, or 17.8 percent, compared with \$322 million in the same quarter a year ago. Pretax earnings for the segment improved \$23.8 million to \$25.3 million, compared to \$1.5 million last year. Increases in both the number of clients and average fees per client, along with strict cost management, were the primary contributors to the segment's improved results. The adoption of SFAS 141 and 142 accounts for \$2.9 million of the improvement over last year. EBITDA increased \$18.8 million to \$39.5 million, compared to \$20.8 million in the third quarter last year.

From Jan. 1 through Jan. 31, tax preparation and related fees from company-owned and franchised offices increased 16.5 percent compared with the same period last year, while the number of tax returns prepared increased 7.4 percent compared to last year. As of Jan. 31, H&R Block had filed 3.5 million federal returns electronically, representing a 7.8 percent increase over the prior year. Through the first month of the tax season, 95.5 percent of returns processed by the company were filed electronically. The number of Refund Anticipation Loans (RALs) processed by Block increased 17.9 percent to 2 million, compared with 1.7 million for the same period in 2001.

For the period Jan. 1 through Feb. 15, company-owned and franchised operations served 8.9 million clients, an increase of 4 percent over the same period last year. For the same period, tax preparation and related fees increased 12.9 percent to \$964.2 million.

Outlook for Remainder of Tax Season

"While we are very encouraged by our strong start this tax season, a significant share of the tax filing season remains," Ernst said. "Our analysis of early season data that filing patterns to date are consistent with our net client growth expectation of 3-to-5 percent for the full year. While we believe our marketing efforts during the early season helped drive expected levels of new business, our ultimate results from the tax season will depend heavily on the success of our marketing initiatives for the balance of the season.

"Average fee increases are expected to be lower in the fourth quarter than those experienced in the third quarter. The increase in average fees to date is in large measure due to greater complexity from specific provisions of the tax laws affecting early filing clients. We don't expect to see this level of increase in average fees continue late into the tax season," Ernst explained.

International Tax Operations

International tax operations, which includes Canada, Australia and the United Kingdom, generated revenues of \$8 million, up 1.7 percent over last year. The pretax loss improved \$1.2 million, or 19.2 percent, to \$5.2 million, compared with a loss of \$6.5 million a year-ago. Good cost control, particularly in Canadian operations, drove the improved results.

Mortgage Operations

Mortgage operations, which primarily include Option One Mortgage Corp. and H&R Block Mortgage Corp., reported pretax earnings that rose 103.5 percent to \$77.4 million, compared with \$38.1 million last year. The adoption of SFAS 141 and 142 accounts for \$3.4 million of the improvement in earnings over the prior year. Revenues rose 57.4 percent to \$179.8 million.

An 81.9 percent increase in loan originations, larger servicing volume, improved pricing on loans generated, and contributions from retail mortgage combined for an outstanding quarter. In addition, higher volumes and cost controls helped drive a 22 percent decline in the cost of origination, contributing to the 7 basis point year-over-year improvement in operating profit margin. Operating profit margin for the quarter was 2.67 percent compared with 2.6 percent in last year's third quarter. Operating profit margin is defined as pretax earnings before goodwill amortization divided by mortgage fundings. EBITDA increased \$37.5 million to \$81.1 million, or 85.9 percent over the prior year.

"The performance of our mortgage businesses continues to be strong," Ernst said. "In its third consecutive profitable quarter, H&R Block Mortgage contributed 11.4 percent of the segment's \$39.4 million year-over-year improvement. H&R Block tax clients generated 12.6 percent of all loans originated and 66.4 percent of all retail loans during the quarter."

Option One and H&R Block Mortgage originated \$2.9 billion in loans during the third quarter. Option One's ending servicing portfolio was \$22.7 billion, compared with \$18 billion last year.

Based on current trends and market conditions, the company expects continued strength in its mortgage segment in the fourth quarter.

Investment Services

H&R Block's investment services operations, which consists primarily of H&R Block Financial Advisors Inc., continues to be adversely affected by the decline in investor activity and weak market conditions. Third quarter revenues totaled \$61.1 million, compared with \$118.2 million last year. The segment reported a pretax loss of \$12.3 million compared with pretax earnings of \$7.4 million last year. The adoption of SFAS 141 and 142 positively impacted the change over the prior year by \$4 million. Investment services reported a decline in EBITDA to \$1 million from \$23.8 million in the prior year.

Key drivers of revenues for the business, including trading levels and margin balances, were consistent with those seen in the previous quarter. Consistent with industry trends, the company expects low levels of trading activity to continue through its fourth quarter.

Business Services

Business services, which primarily includes RSM McGladrey, reported pretax earnings of \$1.8 million, compared to \$769,000 last year. Revenues rose 1.6 percent to \$94.2 million, compared with \$92.7 million last year. Growth in tax consulting was offset by a slowdown in business consulting services, off-season losses from newly acquired firms, and normal operating cost increases. Business services reports the bulk of its earnings in the fourth quarter of the year.

The adoption of SFAS 141 and 142 positively affected results by \$5.2 million compared to the third quarter last year. Business services reported a decline in EBITDA to \$7 million, compared with \$10.8 million last year.

Nine month results

For the nine months ended Jan. 31, 2002, H&R Block's revenues were \$1.4 billion, up 10.3 percent from the same period a year ago. The net loss was \$29.2 million, or 16 cents per basic share, compared with a net loss of \$96.9 million, or 53 cents per basic share for the same nine-month period last year. Cash earnings improved to a loss of \$492,000, compared with a loss of \$33.8 million, or 18 cents per basic share. EBITDA improved by \$61.6 million to \$115.2 million, compared with \$53.6 million for the prior year's nine-month period. The adoption of SFAS 141 and 142 represents \$35 million, or 19 cents per share, of the improvement over the same period last year.

Dividend Announced

The Board of Directors of H&R Block Inc. declared a quarterly dividend of 16 cents per share payable April 1, 2002, to shareholders of record on March 11, 2002.

Other

Effective May 1, 2001, the company adopted a new methodology for allocation of corporate services and support costs to business units. This change was made in an effort to more accurately reflect each business line's performance. Prior year results have been restated to reflect the new methodology.

A conference call with H&R Block management discussing third quarter results will be conducted live today at 5 p.m. EST (4 p.m. Central) and may be accessed at www.hrblock.com.

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 in the third quarter and early tax season 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, of the success of the company's marketing efforts, and of the continued strong performance of the mortgage operations segment; changes in economic, political or regulatory environments; changes in competition and the effects of such changes; litigation involving the company; 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.

H&R BLOCK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited, amounts in thousands, except per share data

	Three months ended January 31,		
	2002	2001	2000
Revenues	\$728,038	\$656,000	\$512,507
Earnings (loss) before income taxes (benefit)	49,774	7,792	(13,523)
Net earnings (loss)	\$29,616	\$4,460	\$(7,075)
Basic net earnings (loss) per share:			
Net earnings (loss)	\$0.16	\$0.02	\$(0.04)
Basic shares outstanding	182,936	182,597	196,716
Diluted net earnings (loss) per share:			
Net earnings (loss)	\$0.16	\$0.02	\$(0.04)
Diluted shares outstanding	188,181	184,072	196,716
	Nine months ended January 31,		
	2002	2001	2000
Revenues	\$1,430,892	\$1,297,584	\$844,013
Loss before income tax benefit	(49,041)	(168,557)	(145,477)
Net loss	\$(29,179)	\$(96,941)	\$(88,886)
Basic net earnings (loss) per share:			
Net loss	\$(0.16)	\$(0.53)	\$(0.45)
Basic shares outstanding	183,028	183,975	195,923

Notes to Consolidated Statements of Operations

On June 20, 2001, the Company's Board of Directors declared a two-for-one stock split of its Common Stock in the form of a 100% stock distribution effective August 1, 2001, to shareholders of record as of the close of business on July 10, 2001. Basic net earnings (loss) per share is based on the weighted average number of shares outstanding during each period. The dilutive effect of potential common shares is included in diluted net earnings per share. All periods presented have been adjusted to reflect the stock split.

Reclassifications have been made to prior years to conform with current period presentation.

Results for the three months and the nine months ended January 31, 2001 have been adjusted to reflect the implementation of SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101). The effect of this change was to reduce revenues by \$5.4 million and net earnings by \$1.2 million in the third quarter and increase revenues and

net earnings in the fourth quarter of fiscal 2001 by the same amounts. Therefore, there was no effect to the full fiscal 2001 results from the implementation of SAB 101.

Effective May 1, 2001, the Company adopted a new methodology for allocation of corporate services and support costs to business units. This change was made in an effort to more accurately reflect each business line's performance. Prior year results have been restated to reflect the new methodology.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets" (SFAS 141 & 142). SFAS 141 addresses financial accounting and reporting for business combinations and replaces APB Opinion No. 16, "Business Combinations" (APB 16). SFAS 141 no longer allows the pooling of interests method of accounting for acquisitions, provides new recognition criteria for intangible assets and carries forward without reconsideration the guidance in APB 16 related to the application of the purchase method of accounting. SFAS 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and replaces APB Opinion No. 17, "Intangible Assets" (APB 17). SFAS 142 addresses how intangible assets should be accounted for upon their acquisition and after they have been initially recognized in the financial statements. As of May 1, 2001, the Company elected early adoption of both SFAS 141 & 142. The implementation of these standards has the effect of reducing amortization expense of acquired intangible assets.

On December 1, 1999, the Company completed the acquisition of the outstanding capital stock of Olde Financial Corporation and Financial Marketing Services, Inc. (collectively, OLDE). The purchase price was \$850 million in cash plus net tangible book value payments of \$48.5 million. The acquisition was accounted for as a purchase and, accordingly, OLDE's results are included since the date of the acquisition. The acquisition was funded with short-term borrowings and the issuance of \$500 million in Senior Notes in the fourth quarter of fiscal 2000.

On August 2, 1999, the Company, through a subsidiary, RSM McGladrey, Inc., completed the purchase of substantially all of the non-attest assets of McGladrey & Pullen, LLP. The purchase price was \$240 million in cash payments over four years and the assumption of certain pension liabilities with a present value of \$52.7 million. The acquisition was accounted for as a purchase, and accordingly, results are included since the date of acquisition.

During the nine months ended January 31, 2002, 2001 and 2000, the Company issued shares of its common stock pursuant to provisions for exercise of the Company's stock option plans as follows: 2002 - 9,260,707 shares; 2001 - 213,550 shares; 2000 - 1,907,730 shares. During the same periods, the Company reacquired shares of its common stock as follows: 2002 - 9,697,158 shares at an aggregate cost of \$352,213,000; 2001 - 13,632,196 shares at an aggregate cost of \$222,894,000; 2000 - 1,443,600 shares at an aggregate cost of \$32,366,000.

H&R BLOCK, INC.
 SELECTED OPERATIONAL INFORMATION
 Unaudited, amounts in thousands

	Three months ended January 31,			
	Revenues		Earnings (loss)	
	2002	2001	2002	2001
U.S. tax operations	\$379,235	\$321,956	\$25,280	\$1,498
International tax				

operations	7,989	7,857	(5,242)	(6,486)
Mortgage operations	179,751	114,169	77,427	38,051
Investment services	61,085	118,164	(12,300)	7,378
Business services	94,194	92,729	1,780	769
Unallocated corporate	5,784	1,125	(16,660)	(7,366)
Interest expense on acquisition debt	-	-	(19,243)	(23,988)
	\$728,038	\$656,000	51,042	9,856
Investment income, net			466	1,099
Intercompany interest*			(1,734)	(3,163)
			49,774	7,792
Taxes on earnings			20,158	3,332
Net earnings			\$29,616	\$4,460

	Nine months ended January 31,			
	Revenues		Earnings (loss)	
	2002	2001	2002	2001
U.S. tax operations	\$427,229	\$359,709	\$(160,113)	\$(169,788)
International tax operations	26,530	27,655	(11,886)	(13,692)
Mortgage operations	508,897	279,459	237,397	80,014
Investment services	194,837	380,404	(27,533)	30,840
Business services	265,955	247,093	2,163	(3,495)
Unallocated corporate	7,444	3,264	(31,917)	(19,266)
Interest expense on acquisition debt	-	-	(60,001)	(75,760)
	\$1,430,892	\$1,297,584	(51,890)	(171,147)
Investment income, net			2,678	6,354
Intercompany interest*			171	(3,764)
			(49,041)	(168,557)
Income tax benefit			(19,862)	(71,616)
Net loss			\$(29,179)	\$(96,941)

* Intercompany interest represents net interest expense charged to financial related businesses for corporate cash that was borrowed to fund their operating activities and net unallocated interest expense attributable to commitment fees on the Company's credit facility.

H&R Block, Inc.
Consolidated Balance Sheets
Unaudited, amounts in thousands, except share data

	January 31,	
	2002	2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$640,225	\$380,918
Marketable securities -- available-for-sale	-	8,288
Marketable securities -- trading	21,733	42,690
Receivables from customers, brokers, dealers and clearing organizations, less allowance for doubtful accounts of \$1,745 and \$878	910,967	1,913,319
Receivables, less allowance for doubtful accounts of \$53,407 and \$37,042	1,241,470	1,057,458
Prepaid expenses and other current assets	329,275	229,583
TOTAL CURRENT ASSETS	3,143,670	3,632,256

INVESTMENTS AND OTHER ASSETS:

Investments in available-for-sale marketable securities	281,135	295,415
Excess of cost over fair value of net tangible assets acquired, net of amortization	1,116,675	1,069,302
Other	237,176	260,494
	1,634,986	1,625,211
PROPERTY AND EQUIPMENT, at cost less accumulated depreciation and amortization	287,812	286,897
	\$5,066,468	\$5,544,364

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Notes payable	\$1,638,832	\$1,626,806
Accounts payable to customers, brokers and dealers	948,722	1,626,612
Accounts payable, accrued expenses and deposits	264,616	285,276
Accrued salaries, wages and payroll taxes	171,999	141,744
Accrued taxes on earnings	48,100	20,825
Current portion of long-term debt	53,192	50,419
TOTAL CURRENT LIABILITIES	3,125,461	3,751,682

LONG-TERM DEBT	874,644	869,249
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OTHER NONCURRENT LIABILITIES	100,951	100,328
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STOCKHOLDERS' EQUITY:

Common stock, no par, stated value \$.01 per share	2,179	2,179
Additional paid-in capital	465,963	419,517
Retained earnings	1,308,310	1,074,384
	1,776,452	1,496,080
Less cost of 34,646,147 and 35,294,012 shares of common stock in treasury	811,040	672,975
	965,412	823,105
	\$5,066,468	\$5,544,364

H&R Block, Inc.

Consolidated Statements of Cash Flows

Unaudited, amounts in thousands

	Nine months ended January 31,	
	2002	2001
Cash flows from operating activities:		
Net loss	\$(29,179)	\$(96,941)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	107,095	148,990
Net (gain) loss on sale of operating unit	(362)	(2,040)
Provision for bad debt	50,194	43,448
Accretion of acquisition liabilities	8,999	8,766
Tax benefit from stock option exercises	55,004	-
Changes in:		
Receivables from customers, brokers, dealers and clearing organizations	399,579	942,791
Receivables	(929,660)	(826,093)
Marketable securities - trading	24,425	2,713
Prepaid expenses and other current assets	(96,383)	(84,742)

Accounts payable to customers, brokers and dealers	(109,278)	(943,588)
Accounts payable, accrued expenses and deposits	(96,594)	62,565
Accrued salaries, wages and payroll taxes	(49,831)	(31,185)
Accrued taxes on earnings	(247,499)	(205,592)
Other, net	34,902	180
Net cash used in operating activities	(878,588)	(980,728)
Cash flows from investing activities:		
Purchases of available-for-sale securities	(3,695)	(5,413)
Maturities of available-for-sale securities	61,209	32,375
Purchases of property and equipment, net	(71,343)	(47,674)
Payments made for business acquisitions, net of cash acquired	(44,397)	(13,285)
Proceeds from sale of operating units	428	23,200
Other, net	(33,506)	16,376
Net cash provided by (used in) investing activities	(91,304)	5,579
Cash flows from financing activities:		
Repayments of notes payable	(6,147,398)	(11,864,855)
Proceeds from issuance of notes payable	7,786,230	13,207,864
Payments on acquisition debt	(49,479)	(67,643)
Dividends paid	(86,349)	(80,433)
Payments to acquire treasury shares	(352,213)	(222,894)
Proceeds from stock options exercised	186,825	3,019
Other, net	688	1,108
Net cash provided by financing activities	1,338,304	976,166
Net increase in cash and cash equivalents	368,412	1,017
Cash and cash equivalents at beginning of the period	271,813	379,901
Cash and cash equivalents at end of the period	\$640,225	\$380,918
Supplementary cash flow data:		
Income taxes paid	\$162,902	\$123,296
Interest paid	72,896	173,137

H&R Block, Inc.
Consolidated Statements of Operations
Unaudited, amounts in thousands, except per share data

	Three Months Ended		Nine Months Ended	
	January 31,		January 31,	
	2002	2001	2002	2001
Revenues:				
Service revenues	\$523,878	\$513,639	\$967,052	\$1,026,353
Product sales	155,702	103,011	391,925	214,602
Royalties	33,329	28,636	37,772	33,829
Other income	15,129	10,714	34,143	22,800
	728,038	656,000	1,430,892	1,297,584
Operating expenses:				
Employee compensation and benefits	321,353	305,404	698,069	624,844
Occupancy and equipment	72,678	63,717	194,106	180,175
Interest	30,733	68,048	90,323	195,219
Depreciation and amortization	38,167	52,848	107,095	148,990
Marketing and advertising	59,277	36,447	83,360	60,949

Supplies, freight and postage	22,008	19,539	38,051	37,123
Bad debt	33,095	29,194	50,194	43,448
Other	101,781	76,170	221,928	183,804
	679,092	651,367	1,483,126	1,474,552
Operating earnings (loss)	48,946	4,633	(52,234)	(176,968)
Other income:				
Investment income, net	468	1,099	2,679	6,354
Other, net	360	2,060	514	2,057
	828	3,159	3,193	8,411
Earnings (loss) before income taxes (benefit)	49,774	7,792	(49,041)	(168,557)
Income taxes (benefit)	20,158	3,332	(19,862)	(71,616)
Net earnings (loss)	\$29,616	\$4,460	\$(29,179)	\$(96,941)
Basic net earnings (loss) per share	\$0.16	\$0.02	\$(0.16)	\$(0.53)
Basic shares outstanding	182,936	182,597	183,028	183,975
Diluted net earnings (loss) per share	\$0.16	\$0.02	\$(0.16)	\$(0.53)
Diluted shares outstanding	188,181	184,072	183,028	183,975

H&R BLOCK, INC.
FINANCIAL SERVICES OPERATING DATA
Unaudited

H&R Block Financial Advisors, Inc.

	For the three months ended			
	1/25/2002	1/26/2001	% Change	10/26/2001
Customer trades (000's)	402	599	-32.9%	377
Customer daily average trades	6,241	9,816	-36.4%	6,285
Average commission per trade	\$64.61	\$68.61	-5.8%	\$63.17
Number of active accounts (000's)	603	605	-0.4%	609
Average trades per active account per quarter	0.67	0.99	-32.6%	0.62
Average trades per active account per year (annualized)	2.67	3.96	-32.6%	2.48
Ending balance of assets under administration (\$ bn's)	\$27.2	\$36.3	-25.0%	\$27.1
Average assets per active account	\$45,191	\$60,028	-24.7%	\$44,448
Ending debit balances (\$ bn's)	\$0.9	\$1.9	-53.8%	\$0.9
Ending credit balances (\$ bn's)	\$0.9	\$0.9	-7.3%	\$0.8

Option One Mortgage Corporation

	For the three months ended			
	1/31/2002	1/31/2001	% Change	10/31/2001
Number of loans originated				
Wholesale	17,344	12,443	39.4%	18,172
Retail	4,056	2,424	67.3%	3,352
Total	21,400	14,867	43.9%	21,524

Volume of loans originated

(000's)

Wholesale	\$2,346,687	\$1,297,435	80.9%	\$2,206,041
Retail	549,112	294,241	86.6%	438,158
Total	\$2,895,799	\$1,591,676	81.9%	\$2,644,199

Loan sales	\$2,868,690	\$1,547,169	85.4%	\$2,618,065
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Servicing portfolio

Number of loans serviced

(000's)	202.4	172.6	17.3%	184.8
Servicing portfolio (\$ bn's)	\$22.7	\$18.0	26.1%	\$20.9

H&R Block, Inc.

Preliminary U.S. Tax Operating Data

Period January 1 through January 31 and February 15

Amounts in thousands, except average charge and number of offices

	For the period ended			For the period ended		
	1/31/ 2002	1/31/ 2001	% change	2/15/ 2002	2/15/ 2001	% change
Tax preparation & related fees						
Company owned						
offices	\$259,783	\$226,830	14.5%	\$615,317	\$548,779	12.1%
Franchised offices	149,078	124,116	20.1%	348,840	305,417	14.2%
	\$408,861	\$350,946	16.5%	\$964,157	\$854,196	12.9%
Tax returns prepared						
Company owned						
offices	2,129	2,029	4.9%	5,002	4,825	3.7%
Franchised offices	1,354	1,214	11.5%	3,169	2,954	7.3%
	3,483	3,243	7.4%	8,171	7,779	5.0%
Total clients served						
Company owned						
offices	2,149	2,069	3.9%	5,051	4,921	2.6%
Franchised offices	1,406	1,303	7.9%	3,283	3,156	4.0%
E-commerce *	143	109	31.2%	557	476	17.0%
	3,698	3,481	6.2%	8,891	8,553	4.0%
Tax returns filed electronically**						
Company owned						
offices	2,081	1,977	5.3%	4,807	4,590	4.7%
Franchised offices	1,333	1,204	10.7%	3,008	2,782	8.1%
E-commerce *	119	96	24.0%	501	448	11.8%
	3,533	3,277	7.8%	8,316	7,820	6.3%
Percent filed electronically						
Company owned						
offices	96.8%	95.6%		95.2%	93.3%	
Franchised offices	94.8%	92.4%		91.6%	88.1%	
E-commerce *	83.2%	88.1%		89.9%	94.1%	
	95.5%	94.1%		93.5%	91.4%	
Average fee per client served						
Company owned						
offices	\$120.89	\$109.63	10.3%	\$121.82	\$111.52	9.2%
Franchised offices	106.03	95.25	11.3%	106.26	96.77	9.8%
	\$115.01	\$104.08	10.5%	\$115.69	\$105.76	9.4%

Refund anticipation

loans

Company owned

offices	1,196	1,020	17.3%	2,514	2,197	14.4%
Franchised offices	767	647	18.5%	1,591	1,351	17.8%
E-commerce *	8	5	60.0%	25	22	13.6%
	1,971	1,672	17.9%	4,130	3,570	15.7%

Offices

Company owned

offices	5,017	5,060	-0.8%	5,017	5,060	-0.8%
Franchised offices	3,998	4,012	-0.3%	3,998	4,012	-0.3%
	9,015	9,072	-0.6%	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.

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