

H&R Block Reports Interim Tax Season Data Through March 31

April 15, 2002 4:02 PM ET

KANSAS CITY, Mo., Apr 15, 2002 /PRNewswire-FirstCall via COMTEX/ --

Re-Affirms FY02 Earnings Guidance

Reporting interim results for the current tax season, H&R Block Inc. (NYSE: HRB) said tax preparation and related fees from its tax businesses are up 10.6 percent through March 31. The company remains on track to meet expectations set by its previously announced guidance for revenue and earnings.

H&R Block has served 14.9 million clients for the current tax season through March 31, an increase of 2.5 percent compared to the same period last year. The company reported \$1.6 billion in fees from tax preparation and related services. The average fee per client served rose 8.9 percent to \$118.50.

"We're pleased that our results through the end of March remain on track. Current filing trends suggest that our tax businesses will meet their previously announced revenue and earnings goals for the full year," said Mark A. Ernst, president and chief executive officer. "This year, the latter half of March included three Sundays, one of which was Easter. This left us with fewer active client days than in the comparable period last year. That's why our revenues in the last 15 days of March were lower than our full season trend," Ernst said.

On May 1, the company plans to announce preliminary results for the tax season through April 16. Fiscal 2002 fourth quarter and year-end results are scheduled to be announced June 12.

Through March 31, tax professionals in H&R Block offices prepared 13.6 million returns, an increase of 3 percent. During this period, H&R Block filed 13.2 million federal returns electronically, representing a 6.7 percent increase over the prior year. So far this tax season, 88.5 percent of returns processed by the company were filed electronically.

When H&R Block announced its third quarter earnings 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.

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 March 31, 2002 will continue throughout the remainder of the tax season and fiscal year, and that actual financial results for fiscal year 2002 will fall within the guidance provided by the company; 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 .

H&R Block, Inc.
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	3/1-3/15	3/16-3/31	YTD 3/31
Tax preparation & related fees						
Fiscal year 2002						
Company owned						
offices	\$259,783	\$355,534	\$156,840	\$145,826	\$136,105	\$1,054,088
Franchised						
offices	149,078	199,762	91,427	73,205	65,591	579,063
	\$408,861	\$555,296	\$248,267	\$219,031	\$201,696	\$1,633,151
Fiscal year 2001						
Company owned						
offices	\$226,830	\$321,949	\$144,275	\$129,435	\$136,286	\$958,775
Franchised						
offices	124,116	181,301	80,551	67,984	64,285	518,237
	\$350,946	\$503,250	\$224,826	\$197,419	\$200,571	\$1,477,012
Percent change						
Company owned						
offices	14.5%	10.4%	8.7%	12.7%	-0.1%	9.9%
Franchised						
offices	20.1%	10.2%	13.5%	7.7%	2.0%	11.7%
Total	16.5%	10.3%	10.4%	10.9%	0.6%	10.6%
Tax returns prepared						
Fiscal year 2002						
Company owned						
offices	2,129	2,873	1,253	1,094	976	8,325
Franchised						
offices	1,354	1,815	837	661	562	5,229
	3,483	4,688	2,090	1,755	1,538	13,554
Fiscal year 2001						
Company owned						
offices	2,029	2,796	1,231	1,071	1,065	8,192
Franchised						
offices	1,214	1,740	773	655	588	4,970
	3,243	4,536	2,004	1,726	1,653	13,162
Percent change						
Company owned						
offices	4.9%	2.8%	1.8%	2.1%	-8.4%	1.6%
Franchised						
offices	11.5%	4.3%	8.3%	0.9%	-4.4%	5.2%
Total	7.4%	3.4%	4.3%	1.7%	-7.0%	3.0%
Total clients served						
Fiscal year 2002						
Company owned						
offices	2,149	2,902	1,264	1,102	981	8,398
Franchised						
offices	1,406	1,877	860	672	569	5,384

E-commerce *	143	414	219	173	151	1,100
	3,698	5,193	2,343	1,947	1,701	14,882
Fiscal year 2001						
Company owned						
offices	2,069	2,852	1,252	1,084	1,073	8,330
Franchised						
offices	1,303	1,853	812	675	602	5,245
E-commerce *	109	367	202	150	122	950
	3,481	5,072	2,266	1,909	1,797	14,525
Percent change						
Company owned						
offices	3.9%	1.8%	1.0%	1.7%	-8.6%	0.8%
Franchised						
offices	7.9%	1.3%	5.9%	-0.4%	-5.5%	2.7%
E-commerce *	31.2%	12.8%	8.4%	15.3%	23.8%	15.8%
Total	6.2%	2.4%	3.4%	2.0%	-5.3%	2.5%

Tax returns filed electronically**

Fiscal year 2002						
Company owned						
offices	2,081	2,726	1,109	911	775	7,602
Franchised						
offices	1,333	1,675	693	480	375	4,556
E-commerce *	119	382	214	165	140	1,020
	3,533	4,783	2,016	1,556	1,290	13,178
Fiscal year 2001						
Company owned						
offices	1,977	2,613	1,065	846	794	7,295
Franchised						
offices	1,204	1,578	597	429	342	4,150
E-commerce *	96	352	194	146	116	904
	3,277	4,543	1,856	1,421	1,252	12,349
Percent change						
Company owned						
offices	5.3%	4.3%	4.1%	7.7%	-2.4%	4.2%
Franchised						
offices	10.7%	6.2%	16.1%	11.9%	9.6%	9.8%
E-commerce *	24.0%	8.5%	10.3%	13.0%	20.7%	12.8%
Total	7.8%	5.3%	8.6%	9.5%	3.0%	6.7%

Percent filed electronically

Fiscal year 2002						
Company owned						
offices	96.8%	93.9%	87.7%	82.7%	79.0%	90.5%
Franchised						
offices	94.8%	89.2%	80.6%	71.4%	65.9%	84.6%
E-commerce *	83.2%	92.3%	97.7%	95.4%	92.7%	92.7%
	95.5%	92.1%	86.0%	79.9%	75.8%	88.5%
Fiscal year 2001						
Company owned						
offices	95.6%	91.6%	85.1%	78.0%	74.0%	87.6%
Franchised						
offices	92.4%	85.2%	73.5%	63.6%	56.8%	79.1%
E-commerce *	88.1%	95.9%	96.0%	97.3%	95.1%	95.2%
	94.1%	89.6%	81.9%	74.4%	69.7%	85.0%

Average fee per

client served

Fiscal year

2002

Company owned

offices \$120.89 \$122.51 \$124.08 \$132.33 \$138.74 \$125.52

Franchised

offices 106.03 106.43 106.31 108.94 115.27 107.55

\$115.01 \$116.20 \$116.89 \$123.47 \$130.13 \$118.50

Fiscal year

2001

Company owned

offices \$109.63 \$112.89 \$115.24 \$119.40 \$127.01 \$115.10

Franchised

offices 95.25 97.84 99.20 100.72 106.79 98.81

\$104.08 \$106.96 \$108.93 \$112.23 \$119.74 \$108.80

Percent change

Company owned

offices 10.3% 8.5% 7.7% 10.8% 9.2% 9.1%

Franchised

offices 11.3% 8.8% 7.2% 8.2% 7.9% 8.9%

Total 10.5% 8.6% 7.3% 10.0% 8.7% 8.9%

Refund anticipation

loans

Fiscal year 2002

Company owned

offices 1,196 1,318 298 165 99 3,076

Franchised

offices 767 824 172 89 49 1,901

E-commerce *

8 17 7 5 4 41

1,971 2,159 477 259 152 5,018

Fiscal year

2001

Company owned

offices 1,020 1,177 272 152 94 2,715

Franchised

offices 647 704 150 79 45 1,625

E-commerce *

5 17 8 5 3 38

1,672 1,898 430 236 142 4,378

Percent change

Company

owned

offices 17.3% 12.0% 9.6% 8.6% 5.3% 13.3%

Franchised

offices 18.6% 17.1% 14.7% 12.7% 8.9% 17.0%

E-commerce *

60.0% 0.0% -12.5% 0.0% 33.3% 7.9%

Total 17.9% 13.8% 10.9% 9.7% 7.0% 14.6%

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.

CONTACT: Robert Schneider, Media Relations, +1-816-932-4835, or Mark Barnett, Investor Relations, +1-816-701-4443, both for H&R Block Inc. URL: <http://www.hrblock.com>

Copyright (C) 2002 PR Newswire. All rights reserved.