

H&R Block Reports Interim Tax Season Data; Results in Line with Full Season Expectations

March 31, 2005 8:31 AM ET

KANSAS CITY, Mo., Mar 31, 2005 (BUSINESS WIRE) -- H&R Block Inc. (NYSE:HRB) today reported that tax preparation and related fees from its U.S. retail operations increased 6.8 percent to \$1.7 billion through March 15, 2005. The average fee per client served in company-owned and franchised offices rose 6.7 percent to \$145.08.

The number of clients served in the company's U.S. retail operations increased slightly by 0.1 percent through March 15. Digital tax solutions clients served declined 8 percent through the same period.

"The mix of clients we're serving indicates that a greater number of more complex tax returns is driving an increase in the average fee per client," said Mark A. Ernst, chairman and chief executive officer. "Overall, the results thus far are on track with our expectations for the tax season."

H&R Block plans to release additional business results for its U.S. tax operations before market opening on April 18 and May 6. The April release date was changed from the 15th to provide the company more time to analyze the tax season data.

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 uncertainty that the company will achieve or exceed its revenue, earnings, and earnings-per-share growth goals or expectations for fiscal year 2005, and that actual financial results for fiscal year 2005 will fall within the guidance provided by the company; the uncertainty of the company's ability to purchase shares of its common stock; the uncertainty of the effect of any share repurchases upon the company and its shareholders; the uncertainty as to the effect on financial results of the adoption of accounting pronouncements; changes in interest rates; changes in economic, political or regulatory environments; the uncertainty of assumptions utilized to estimate cash flows from residual interests in mortgage securitizations and mortgage servicing rights; risks associated with sources of liquidity for each of the lines of business of the company; changes in competition; litigation involving the company and its subsidiaries; 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

Celebrating its 50th anniversary in 2005, H&R Block is the world's largest tax services provider, having served more than 400 million clients since 1955. The sixth largest retailer in the world, H&R Block has more than 12,000 locations serving taxpayers primarily in the United States, Canada and Australia.

H&R Block's subsidiaries deliver tax services and financial advice, investment and mortgage services, and business accounting and consulting services. H&R Block Financial Advisors Inc. offers investment services and securities products. With approximately 1,000 financial advisors serving clients at approximately 270 locations, H&R Block Financial Advisors is a member NYSE, SIPC, a registered broker-dealer and investment advisor. H&R Block Inc. is not a registered broker-dealer and is not a registered investment advisor. H&R Block Mortgage Corp. offers a full range of retail mortgage services. Option One Mortgage Corp. provides mortgage services and offers wholesale mortgages through large financial institutions and a network of 32,000 independent mortgage brokers. RSM McGladrey Business Services Inc. and its subsidiaries serve mid-sized businesses and their owners with tax, accounting and business consulting services, as well as personal wealth management services. H&R Block Small Business Resources is a new business currently operating in 14 U.S. cities that serves the tax, financial and business needs of small business owners. H&R Block Small Business Resources is not a licensed CPA firm. For more information about the company, visit our Online Press Center at www.hrblock.com.

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

(in thousands, except average fee and number of offices)

	Period				
	1/1-1/31	2/1-2/15	2/16-2/28	3/1-3/15	YTD 3/15
Tax preparation & related fees:(1)					
Fiscal year 2005					
Company-owned offices	\$366,912	\$436,168	\$184,854	\$160,245	\$1,148,179
Franchise offices	183,938	203,196	82,574	65,735	535,443
	\$550,850	\$639,364	\$267,428	\$225,980	\$1,683,622
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Fiscal year 2004(2)					
Company-owned offices	\$331,913	\$393,539	\$193,200	\$155,995	\$1,074,647
Franchise offices	169,183	181,782	86,521	64,637	502,123
	\$501,096	\$575,321	\$279,721	\$220,632	\$1,576,770
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Percent change					
Company-owned offices	10.5%	10.8%	-4.3%	2.7%	6.8%
Franchise offices	8.7%	11.8%	-4.6%	1.7%	6.6%
Total retail offices	9.9%	11.1%	-4.4%	2.4%	6.8%
Total clients served:					
Fiscal year 2005					
Company-owned offices	2,447	2,870	1,217	1,018	7,552
Franchise offices	1,406	1,548	618	481	4,053
Digital tax solutions(3)	1,129	694	322	226	2,371
	4,982	5,112	2,157	1,725	13,976
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Fiscal year 2004(2)					
Company-owned offices	2,368	2,780	1,364	1,079	7,591
Franchise offices	1,346	1,456	695	509	4,006
Digital tax solutions(3)	1,268	737	337	234	2,576
	4,982	4,973	2,396	1,822	14,173
=====					
Percent					

change					
Company-					
owned					
offices	3.3%	3.2%	-10.8%	-5.7%	-0.5%
Franchise					
offices	4.5%	6.3%	-11.1%	-5.5%	1.2%
Total					
retail					
offices	3.7%	4.3%	-10.9%	-5.6%	0.1%
Digital					
tax					
solutions(3)	-11.0%	-5.8%	-4.5%	-3.4%	-8.0%
Total	0.0%	2.8%	-10.0%	-5.3%	-1.4%

Average fee per client served:(4)

Fiscal year

2005

Company-					
owned					
offices	\$149.94	\$151.97	\$151.89	\$157.41	\$152.04
Franchise					
offices	130.82	131.26	133.61	136.66	132.11
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	\$142.97	\$144.72	\$145.74	\$150.75	\$145.08
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Fiscal year

2004(2)

Company-					
owned					
offices	\$140.17	\$141.56	\$141.64	\$144.57	\$141.57
Franchise					
offices	125.69	124.85	124.49	126.99	125.34
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	\$134.92	\$135.82	\$135.85	\$138.94	\$135.96
	=====	=====	=====	=====	=====

Percent

change

Company-					
owned					
offices	7.0%	7.4%	7.2%	8.9%	7.4%
Franchise					
offices	4.1%	5.1%	7.3%	7.6%	5.4%
Total					
retail					
offices	6.0%	6.6%	7.3%	8.5%	6.7%

Refund anticipation

loans:

Fiscal year

2005

Company-					
owned					
offices	1,197	1,057	191	100	2,545
Franchise					
offices	714	593	94	47	1,448
Digital					
tax					
solutions	12	14	3	2	31
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	1,923	1,664	288	149	4,024
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Fiscal year

2004(2)

Company-owned offices	1,184	1,092	216	96	2,588
Franchise offices	709	597	106	43	1,455
Digital tax solutions	20	24	7	4	55
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	1,913	1,713	329	143	4,098
	=====	=====	=====	=====	=====
Percent change					
Company-owned offices	1.1%	-3.2%	-11.6%	4.2%	-1.7%
Franchise offices	0.7%	-0.7%	-11.3%	9.3%	-0.5%
Total retail offices	1.0%	-2.3%	-11.5%	5.8%	-1.2%
Digital tax solutions	-40.0%	-41.7%	-57.1%	-50.0%	-43.6%
Total	0.5%	-2.9%	-12.5%	4.2%	-1.8%

Offices:	FY 2005	FY 2004
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Company-owned offices	5,811	5,172
Company-owned shared office locations(5)	1,296	996
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Total company-owned offices	7,107	6,168
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Franchise offices	3,528	3,418
Franchise shared office locations(5)	526	323
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Total franchise offices	4,054	3,741
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	11,161	9,909
	=====	=====

- (1) Includes fees received for tax return preparation services and system administration fees in fiscal year 2004.
- (2) Prior year numbers have been reclassified between company-owned and franchise offices for offices which commenced company-owned operations during fiscal year 2005.
- (3) Includes federal Taxcut software units sold, online completed and paid federal returns and online state returns only when no payment was made for a federal return.
- (4) Calculated as gross tax preparation and related fees divided by clients served.
- (5) Shared office locations include offices located within Wal-Mart, Sears and other third-party businesses.

SOURCE: H&R Block Inc.

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