

H&R Block Announces Interim Tax Season Results

March 16, 2006 8:31 AM ET

KANSAS CITY, Mo.--(BUSINESS WIRE)--March 16, 2006--H&R Block Inc. (NYSE: HRB) today reported tax season results for the interim period from Jan. 1 through Feb. 28, 2006.

Tax preparation and related fees increased 2.0 percent from the same period of 2005 to \$1.5 billion, while the average fee per client served in the current year period rose 6.2 percent to \$153.20. Total clients served (for both the company's retail operations and digital tax solutions business) was 12.1 million, a decline of 108,000, or 0.9 percent, from the prior year period. Strong second half of February growth in digital clients offset the company's January weak start to the filing season.

"After a disappointing January, we are meeting our expectations, with February results comparable to those in the prior year in our retail offices and digital tax solutions posting strong double-digit gains," said Mark A. Ernst, chairman and chief executive officer. "Though do-it-yourself taxpayers are turning to digital solutions, principally online, we don't see this as a shift from traditional paid professionals.

"There's a lot of tax season yet to come, and we look forward to serving millions more clients this month and through the end-of-season peak in April."

H&R Block plans to release additional interim tax season results for its U.S. tax operations before the NYSE market opening on March 30, April 18 and May 10.

About H&R Block

H&R Block Inc. (NYSE: HRB) is a leading provider of tax, financial, mortgage, 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 generated revenues of \$4.4 billion and net income of \$636 million in fiscal year 2005 from operations in four principal business segments: tax preparation and advice via in-office, online and software solutions; investment and financial advisory services; retail and wholesale mortgage services; and tax/accounting /business consulting services for mid-sized businesses. Headquartered in Kansas City, Mo., H&R Block markets its services and products under three leading brands - H&R Block, Option One and RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

Table follows

H&R BLOCK

Preliminary U.S. Tax Operating Data

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

	January		February		YTD
	1/1-1/31	2/1-2/15	2/16-2/28	Total	1/1-2/28
Tax preparation & related fees:					
Fiscal year 2006					
Company-owned operations	\$379,959	\$434,958	\$192,062	\$627,020	\$1,006,979
Franchise operations	191,610	204,713	83,693	288,406	480,016
	\$571,569	\$639,671	\$275,755	\$915,426	\$1,486,995

Fiscal year					
2005 (1)					
Company-owned operations	\$367,294	\$436,695	\$185,136	\$621,831	\$989,125
Franchise operations	183,556	202,669	82,292	284,961	468,517
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	\$550,850	\$639,364	\$267,428	\$906,792	\$1,457,642
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Percent change					
Company-owned operations	3.4%	-0.4%	3.7%	0.8%	1.8%
Franchise operations	4.4%	1.0%	1.7%	1.2%	2.5%
Total retail operations	3.8%	0.0%	3.1%	1.0%	2.0%

Total clients served:

Fiscal year					
2006					
Company-owned operations	2,372	2,677	1,175	3,852	6,224
Franchise operations	1,398	1,487	597	2,084	3,482
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Total retail operations	3,770	4,164	1,772	5,936	9,706
Digital tax solutions (2)	1,143	781	513	1,294	2,437
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	4,913	4,945	2,285	7,230	12,143
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Fiscal year					
2005 (1)					
Company-owned operations	2,450	2,874	1,219	4,093	6,543
Franchise operations	1,403	1,544	616	2,160	3,563
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Total retail operations	3,853	4,418	1,835	6,253	10,106
Digital tax solutions (2)	1,129	694	322	1,016	2,145
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	4,982	5,112	2,157	7,269	12,251
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Percent change					
Company-owned operations	-3.2%	-6.9%	-3.6%	-5.9%	-4.9%
Franchise operations	-0.4%	-3.7%	-3.1%	-3.5%	-2.3%
Total retail operations	-2.2%	-5.7%	-3.4%	-5.1%	-4.0%
Digital tax solutions (2)	1.2%	12.5%	59.3%	27.4%	13.6%
Total	-1.4%	-3.3%	5.9%	-0.5%	-0.9%
Total retail day-to-day (3)	-10.7%	0.3%	-0.3%	0.1%	-4.4%

Average fee per client served: (4)

Fiscal year					
2006					
Company-owned operations	\$160.19	\$162.48	\$163.46	\$162.78	\$161.79
Franchise					

operations	137.06	137.67	140.19	138.39	137.86
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	\$151.61	\$153.62	\$155.62	\$154.22	\$153.20
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Fiscal year					
2005 (1)					
Company-owned					
operations	\$149.92	\$151.95	\$151.88	\$151.93	\$151.17
Franchise					
operations	130.83	131.26	133.59	131.93	131.50
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	\$142.97	\$144.72	\$145.74	\$145.02	\$144.24
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Percent change					
Company-owned					
operations	6.8%	6.9%	7.6%	7.1%	7.0%
Franchise					
operations	4.8%	4.9%	4.9%	4.9%	4.8%
Total retail					
operations	6.0%	6.2%	6.8%	6.3%	6.2%

Offices:		FY 2006	FY 2005	
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Company-owned offices		6,387	5,811	9.9%
Company-owned shared				
office locations (5)		1,473	1,296	13.7%
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Total company-owned offices		7,860	7,107	10.6%
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Franchise offices		3,703	3,528	5.0%
Franchise shared				
office locations (5)		602	526	14.4%
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Total franchise offices		4,305	4,054	6.2%
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		12,165	11,161	9.0%
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- (1) Prior year numbers have been reclassified between company-owned and franchise operations for offices which commenced company-owned operations during fiscal year 2006.
- (2) 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.
- (3) Calculated as the % difference between current year actuals and day-to-day adjusted fiscal year 2005.
- (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.

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SOURCE: H&R Block Inc.