

H&R Block Acquires Online Tax Company to Accelerate Growth and Strengthen Digital Market Position; TaxNet Brings Innovative Tax Program and Unique Leadership Experience

July 7, 2005 10:57 AM ET

KANSAS CITY, Mo.--(BUSINESS WIRE)--July 7, 2005--To accelerate its growth in the online and packaged software tax industry, H&R Block (NYSE: HRB) today announced it has acquired TaxNet(TM) Inc., a San Diego, Calif.-based provider of customized online tax services.

"This acquisition brings leadership and product innovation that will serve as a catalyst for short- and long-term growth," said Jeff Yabuki, H&R Block's chief operating officer. "Our objective is for H&R Block to be the leader in all aspects of the tax business, and the digital market represents an important growth opportunity for the company."

Joining H&R Block today are TaxNet co-founders Tom Allanson and David Murray. Allanson joins H&R Block as senior vice president and general manager of the company's Digital Tax Solutions group, and Murray as vice president, digital tax marketing and product innovation. Additionally, H&R Block will maintain a tax technology development facility in San Diego, Calif., which will complement its existing locations across the United States.

"H&R Block is one of America's most-recognized brands and represents a tremendous opportunity for us to be the premier provider of digital tax services," Allanson said. "We're excited to combine our unique, client-focused technology with H&R Block's already solid business to expand our tax industry leadership."

Allanson previously served as senior vice president and general manager of Intuit's consumer tax group, where he was responsible for all aspects of TurboTax(R), the company's consumer tax preparation software. Prior to his work at Intuit, Allanson worked at General Electric in a variety of leadership positions, which included sales, marketing, and as president of GEC Colonial Pacific Leasing. He received a bachelor's degree in mechanical engineering from Auburn University.

Murray previously served as head of innovation for TurboTax, focusing on marketing and product development based on consumer insights. Prior to working at Intuit, Murray founded several businesses in the equipment financing industry, including one he grew from a one-man firm to a company with more than 250 employees. Murray began his career as a scientist/engineer, working as a software developer for McDonnell Douglas, where he worked on the Space Shuttle, the MX Missile and NASA's Space Station. He has a bachelor's degree in Structural Engineering from the University of Vermont and an MBA from Pepperdine University.

Billed as "The Next Generation in Tax Preparation," TaxNet's online tax program launched in January with a streamlined user experience that enables taxpayers to complete and e-file their returns quickly and conveniently by viewing only relevant information contained on a minimum number of screens.

H&R Block will add TaxNet's online tax service, located at www.taxnet.com, to its existing suite of digital tax products. H&R Block publishes the line of TaxCut tax software and offers a range of tax products and services at www.hrblock.com.

The online and packaged tax software industry is growing rapidly -- 17 percent last year, according to IRS statistics -- as do-it-yourself taxpayers move from pen-and-paper to computer-based tax programs to complete and e-file their returns.

H&R Block is the only company able to directly link taxpayers using computer-based, do-it-yourself solutions with a national network of office-based tax professionals. Services such as Ask A Tax Advisor, Professional Review and Signature provide one-click access to tax professionals for do-it-yourself taxpayers facing tough tax issues.

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 260 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 approximately 34,000 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.

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