

## H&R Block Reports Fiscal 2009 Results With Earnings From Continuing Operations of \$1.53 per Share(1)

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KANSAS CITY, MO, Jun 29, 2009 (MARKETWIRE via COMTEX) -- H&R Block, Inc. (NYSE: HRB)

- Income from continuing operations grows 15.0% to \$513 million
- EPS from continuing operations grows from \$1.36 to \$1.53 per share
- Consolidated net income increases to \$486 million, or \$1.45 per share, compared with a net loss of \$309 million or \$(0.94) per share in FY08
- Tax Services pretax income increases 13.7%; pretax margin grows by 320 bps
- RSM McGladrey pretax income up 8.2%; pretax margin grows by 130 bps
- Net worth grows by 42%; Company ends year with net cash position of \$600 million
- FY10 earnings from continuing operations expected to be \$1.60 - \$1.80 per share

H&R Block, Inc. (NYSE: HRB) today reported that income from continuing operations for the fiscal year ended April 30, 2009, grew 15.0% to \$513.1 million, or \$1.53 per share, compared to \$445.9 million, or \$1.36 per share in the prior year. The growth in earnings per share came notwithstanding an increase of 2.2% in diluted shares outstanding, and after absorbing \$0.11 per share in provisions for loan losses relating to the mortgage loan portfolio held by H&R Block Bank.

Tax Services pretax income was \$893.8 million, up 13.7% from \$785.8 million in the prior year. Pretax margin for the Tax Services segment improved 320 basis points over the prior year. Business Services (RSM McGladrey) pretax income was \$96.1 million, up 8.2% from \$88.8 million during the prior year. Pretax margins in Business Services rose 130 basis points over the prior year.

Full year revenues were essentially flat at \$4.1 billion. Tax Services revenues grew 1.5% to \$3.0 billion, compared to the prior period. Business Services revenues declined 4.7% to \$897.8 million from \$941.7 million in the prior period due to decreased performance in the Capital Markets business, and a change in reporting relating to accounting for leased employees. Core Tax and Consulting revenues grew 4.1% in 2009.

"During the past year H&R Block significantly improved earnings and profit margins despite the overall economy. We increased net worth by \$418.0 million, or 42.3%. A positive swing of \$1 billion moved us from a net debt position to a net cash balance sheet at the end of our fiscal year for the first time in four years," said Richard C. Breeden, H&R Block Chairman. "In addition to bringing in Russ Smyth as CEO last August, we recently restructured our tax management to flatten the structure, promote accountability and drive greater innovation and flexibility in retail operations," added Mr. Breeden. "We believe our greatly enhanced financial strength and new management will allow us to achieve significant improvements in both products and client service for the future as well as to achieve further cost reductions," said Mr. Breeden.

Consolidated net income for fiscal 2009 was \$485.7 million, or \$1.45 per share. This compares to a prior-year loss of \$308.6 million, or \$(0.94) per share.

### Tax Services

Total tax returns prepared in U.S. company-owned offices declined 2.8%, while net average fee per tax return in company-owned offices increased 6.8%. Overall, U.S. retail tax returns prepared fell 5.8% while the net average retail fee per return prepared increased 7.2%. The increase in retail net average fee resulted primarily from the effects of a higher complexity of tax returns and a continuing growth among clients with higher adjusted gross income levels.

Tax returns prepared using H&R Block Online tax products and TaxCut(R) software increased in fiscal 2009 by more than 900,000, or 21.1%. Returns prepared online grew 45.2% and software-prepared returns increased 1.7%. The substantial online growth reflects H&R Block's introduction this year of new products, including a "free" federal online filing product and associated fee-bearing upgrades, including state tax returns. Returns prepared through the IRS Free File Alliance (FFA) declined by

665,000, or 45.8%, as clients migrated to H&R Block Online offerings. Total returns prepared by H&R Block's digital tax solutions, including FFA, increased 4.2%.

"We achieved ambitious targets for earnings in our tax business in fiscal 2009, and demonstrated we could win market share in the critical digital and online segment of the market. While our retail customer decline was not acceptable, we believe that we have identified a set of initiatives that can significantly improve the overall client experience. We are determined to improve our brand position among clients across the income spectrum, and to drive quality in everything we do. Notwithstanding the challenges last year, we see significant opportunities in the coming years to transform our client service culture," said Russ Smyth, president and CEO.

#### RSM McGladrey

RSM McGladrey (Business Services) reported an 8.2% improvement in fiscal 2009 pretax income to \$96.1 million, despite revenues declining 4.7% to \$897.8 million. RSM McGladrey's margin improved to 10.7% from 9.4% in the prior year, reflecting growth in its core businesses and the benefit of cost reduction efforts.

Revenues for the segment's core tax and consulting services were up 3.6% and 5.2%, respectively, for a combined increase of \$28.2 million, driven in part by higher billed rates per hour in tax. Those gains were offset by a \$32.9 million decline in capital markets revenues, and by lower contract services revenues and a change in financial reporting. Amounts reported in previous years as leased-employee revenue have been eliminated in the current year. However, this reporting change did not affect earnings as related costs were also eliminated.

#### H&R Block Bank

H&R Block Bank (Consumer Financial Services) reported a pretax loss of \$14.5 million for the fiscal year 2009, compared to pretax income of \$11.5 million in the prior year. The Emerald suite of products offered to tax clients posted pretax income of approximately \$70 million, compared to approximately \$10 million in the prior year. During fiscal 2009 the Bank issued more than 2.9 million H&R Block Emerald Prepaid MasterCard(R) and funded \$720 million in Emerald Advance lines of credit.

The Company recorded \$63.9 million in loan loss provisions during the year, and an \$11.9 million write-down of real estate owned. The Bank experienced a decline of \$28.5 million in mortgage loan interest income, reflecting the continuing planned runoff of the aggregate portfolio as well as loan delinquencies. The Bank's total mortgage loan portfolio net of reserves was \$966.3 million at April 30, 2008, and was reduced by \$221.4 million to \$744.9 million at April 30, 2009.

#### Outlook

The Company expects fiscal 2010 earnings from continuing operations to be in the range of \$1.60 to \$1.80 per share.

"Moving forward, we are repositioning our core tax business for renewed and sustainable growth, while continuing to take excessive costs out of the retail structure. We have recently changed advertising firms, and plan new and more effective marketing efforts during the coming year. We also plan other steps designed to do a better job of attracting and retaining tax clients, and significantly improving the overall client experience," said Russ Smyth. "At the same time, we believe we have significant opportunities to continue to grow our digital business. We will improve our digital products for next year, and better integrate digital and retail operations and products. We believe we can create a more seamless operation capable of serving our clients the way they want to be served," added Smyth.

#### Balance Sheet

At April 30, 2009, the Company had unrestricted cash of \$1.7 billion, and total outstanding debt of \$1.1 billion. Net worth at April 30, 2009, was \$1.4 billion, an increase of 42.3% compared with the prior year end. Tangible net worth increased \$334.4 million to \$169.6 million at April 30, 2009.

#### Share Repurchase

Pursuant to the previously announced Board of Directors authorization to purchase up to \$2.0 billion of the Company's common stock, during the fourth quarter of fiscal 2009, the Company repurchased 5.6 million shares at an aggregate price of \$98.7 million,

or an average price of \$17.53 per share.

## Dividends

The Company intends to maintain its FY09 dividend rate in FY10.

## Conference Call

At 4:30 pm EDT today, the Company will conduct a conference call for analysts and investors. To access the call, please dial the number below approximately five to 10 minutes prior to the scheduled starting time:

U.S./Canada (877) 247-6355 - Access Code: 15442394  
International (706) 679-0371 - Access Code: 15442394

The call will be webcast in a listen-only format for the media and public. The webcast can be accessed directly at <http://investor-relations.hrblock.com>. A replay of the call will be available beginning at 7:30 pm EDT today, and continuing until July 13, 2009, by dialing (800) 642-1687 (U.S./Canada) or (706) 645-9291 (international). The conference id is 15442394. The webcast will be available for replay at <http://investor-relations.hrblock.com>

## Forward-Looking Statements

This announcement may contain forward-looking statements, which are any statements that are not historical facts. These forward-looking statements, as well as the Company's guidance, are based upon the Company's current expectations and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, the Company's actual results could differ materially from these statements. These risks and uncertainties relate to, among other things, uncertainties regarding the Company's ability to attract and retain clients; meet its prepared returns targets; uncertainties and potential contingent liabilities arising from our former mortgage loan origination and servicing business; uncertainties in the residential mortgage market and its impact on loan loss provisions; uncertainties pertaining to the commercial debt market; competitive factors; the Company's effective income tax rate; litigation; uncertainties regarding the level of share repurchases; and changes in market, economic, political or regulatory conditions. Information concerning these risks and uncertainties is contained in Item 1A of the Company's 2009 annual report on Form 10-K and in other filings by the Company with the Securities and Exchange Commission.

## About H&R Block

H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having prepared more than 500 million tax returns since 1955. In fiscal 2009, H&R Block had annual revenues of \$4.1 billion and prepared more than 24 million tax returns worldwide, utilizing more than 120,000 highly trained tax professionals. The Company provides tax return preparation services in person, online through H&R Block Online, through its TaxCut(R) software and through other channels. The Company is also one of the leading providers of business services through RSM McGladrey. For more information visit our Online Press Center at [www.hrblock.com](http://www.hrblock.com).

(1) All per share amounts are based on fully diluted shares.

### H&R BLOCK

#### KEY OPERATING RESULTS

Unaudited, amounts in thousands, except per share data

Three months ended April 30,

|                             | Revenues     |              | Income (loss) |              |
|-----------------------------|--------------|--------------|---------------|--------------|
|                             | 2009         | 2008         | 2009          | 2008         |
| Tax Services                | \$ 2,097,019 | \$ 2,166,163 | \$ 1,111,850  | \$ 1,111,398 |
| Business Services           | 304,936      | 317,931      | 72,616        | 72,308       |
| Consumer Financial Services | 60,821       | 53,098       | 21,506        | (1,267)      |
| Corporate and               |              |              |               |              |

|                                       |              |              |            |            |
|---------------------------------------|--------------|--------------|------------|------------|
| Eliminations                          | 3,977        | 3,924        | (27,918)   | (38,462)   |
|                                       | -----        | -----        | -----      | -----      |
|                                       | \$ 2,466,753 | \$ 2,541,116 | 1,178,054  | 1,143,977  |
|                                       | =====        | =====        |            |            |
| Income taxes                          |              |              | 470,245    | 458,017    |
|                                       |              |              | -----      | -----      |
| Net income from continuing operations |              |              | 707,809    | 685,960    |
| Net loss from discontinued operations |              |              | (906)      | (142,398)  |
|                                       |              |              | -----      | -----      |
| Net income                            |              |              | \$ 706,903 | \$ 543,562 |
|                                       |              |              | =====      | =====      |
| Basic earnings (loss) per share:      |              |              |            |            |
| Net income from continuing operations |              |              | \$ 2.10    | \$ 2.11    |
| Net loss from discontinued operations |              |              | -          | (0.44)     |
|                                       |              |              | -----      | -----      |
| Net income                            |              |              | \$ 2.10    | \$ 1.67    |
|                                       |              |              | =====      | =====      |
| Basic shares outstanding              |              |              | 336,859    | 325,610    |
| Diluted earnings (loss) per share:    |              |              |            |            |
| Net income from continuing operations |              |              | \$ 2.09    | \$ 2.09    |
| Net loss from discontinued operations |              |              | -          | (0.43)     |
|                                       |              |              | -----      | -----      |
| Net income                            |              |              | \$ 2.09    | \$ 1.66    |
|                                       |              |              | =====      | =====      |
| Diluted shares outstanding            |              |              | 337,963    | 328,028    |

Year ended April 30,

|                                       | Revenues     |              | Income (loss) |              |
|---------------------------------------|--------------|--------------|---------------|--------------|
|                                       | 2009         | 2008         | 2009          | 2008         |
| Tax Services                          | \$ 3,033,123 | \$ 2,988,617 | \$ 893,805    | \$ 785,839   |
| Business Services                     | 897,809      | 941,686      | 96,097        | 88,797       |
| Consumer Financial Services           | 141,801      | 142,706      | (14,508)      | 11,484       |
| Corporate and Eliminations            | 10,844       | 13,621       | (136,024)     | (151,049)    |
|                                       | -----        | -----        | -----         | -----        |
|                                       | \$ 4,083,577 | \$ 4,086,630 | 839,370       | 735,071      |
|                                       | =====        | =====        |               |              |
| Income taxes                          |              |              | 326,315       | 289,124      |
|                                       |              |              | -----         | -----        |
| Net income from continuing operations |              |              | 513,055       | 445,947      |
| Net loss from discontinued operations |              |              | (27,382)      | (754,594)    |
|                                       |              |              | -----         | -----        |
| Net income (loss)                     |              |              | \$ 485,673    | \$ (308,647) |
|                                       |              |              | =====         | =====        |
| Basic earnings (loss)                 |              |              |               |              |

|                                       |       |         |           |
|---------------------------------------|-------|---------|-----------|
| per share:                            |       |         |           |
| Net income from continuing operations | \$    | 1.54    | \$ 1.37   |
| Net loss from discontinued operations |       | (0.08)  | (2.32)    |
|                                       | ----- |         | -----     |
| Net income (loss)                     | \$    | 1.46    | \$ (0.95) |
|                                       | ===== |         | =====     |
| Basic shares outstanding              |       | 332,787 | 324,810   |
| Diluted earnings (loss) per share:    |       |         |           |
| Net income from continuing operations | \$    | 1.53    | \$ 1.36   |
| Net loss from discontinued operations |       | (0.08)  | (2.30)    |
|                                       | ----- |         | -----     |
| Net income (loss)                     | \$    | 1.45    | \$ (0.94) |
|                                       | ===== |         | =====     |
| Diluted shares outstanding            |       | 334,539 | 327,468   |

#### NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Basic earnings per share is based on the weighted average number of shares outstanding. The dilutive effect of potential common shares is included in diluted earnings per share.

Effective November 1, 2008, we sold HRB Financial Corporation, including our securities brokerage business formerly conducted through H&R Block Financial Advisors, Inc. (HRBFA), to Ameriprise Financial, Inc. We recorded a loss in connection with the disposition of this business totaling \$12.2 million. As of April 30, 2009, the results of operations of HRBFA and its direct corporate parent are presented as discontinued operations in the condensed consolidated financial statements. All periods presented reflect our discontinued operations.

Discontinued operations in the prior year also include our former mortgage businesses and the results of three smaller lines of business previously reported in our Business Services segment.

#### H&R BLOCK

#### CONDENSED CONSOLIDATED BALANCE SHEETS

Amounts in thousands, except share data

|  | April 30,<br>2009 | April 30,<br>2008 |
|--|-------------------|-------------------|
|  | -----             | -----             |
| ASSETS   |                   |                   |
| Current assets:                                  |                   |                   |
| Cash and cash equivalents                        | \$ 1,654,663      | \$ 664,897        |
| Cash and cash equivalents - restricted           | 51,656            | 7,031             |
| Receivables, net                                 | 512,814           | 534,229           |
| Prepaid expenses and other current assets        | 351,947           | 420,738           |
| Assets of discontinued operations, held for sale | -                 | 987,592           |
|  | -----             | -----             |
| Total current assets                             | 2,571,080         | 2,614,487         |
| Mortgage loans held for investment, net          | 744,899           | 966,301           |
| Property and equipment, net                      | 368,289           | 363,664           |
| Intangible assets, net                           | 385,998           | 147,368           |
| Goodwill   | 850,230           | 831,314           |
| Other assets                                     | 439,226           | 700,291           |
|  | -----             | -----             |
| Total assets                                     | \$ 5,359,722      | \$ 5,623,425      |
|  | =====             | =====             |

#### LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

|  |              |              |
|--|--------------|--------------|
| Customer banking deposits  | \$ 854,888   | \$ 785,624   |
| Accounts payable, accrued expenses and other current liabilities | 705,945      | 739,887      |
| Accrued salaries, wages and payroll taxes                        | 259,698      | 365,712      |
| Accrued income taxes   | 543,967      | 439,380      |
| Current portion of long-term debt                                | 8,782        | 7,286        |
| Federal Home Loan Bank borrowings                                | 25,000       | 129,000      |
| Liabilities of discontinued operations, held for sale            | -            | 644,446      |
|  | -----        | -----        |
| Total current liabilities  | 2,398,280    | 3,111,335    |
| Long-term debt   | 1,032,122    | 1,031,784    |
| Federal Home Loan Bank borrowings                                | 75,000       | -            |
| Other noncurrent liabilities                                     | 448,461      | 492,488      |
|  | -----        | -----        |
| Total liabilities  | 3,953,863    | 4,635,607    |
|  | -----        | -----        |
| Stockholders' equity:  |              |              |
| Common stock, no par, stated value \$.01 per share               | 4,442        | 4,359        |
| Additional paid-in capital                                       | 836,477      | 695,959      |
| Accumulated other comprehensive income (loss)                    | (11,639)     | 2,486        |
| Retained earnings  | 2,671,437    | 2,384,449    |
| Less treasury shares, at cost                                    | (2,094,858)  | (2,099,435)  |
|  | -----        | -----        |
| Total stockholders' equity                                       | 1,405,859    | 987,818      |
|  | -----        | -----        |
| Total liabilities and stockholders' equity                       | \$ 5,359,722 | \$ 5,623,425 |
|  | =====        | =====        |
| Supplementary balance sheet data:                                |              |              |
| Total cash, as reported  | \$ 1,654,663 | \$ 664,897   |
| Total debt, as reported (1)                                      | 1,040,904    | 1,039,070    |
|  | -----        | -----        |
| Net cash (debt)  | \$ 613,759   | \$ (374,173) |
|  | =====        | =====        |

(1) Excludes Federal Home Loan Bank borrowings and deposits.

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CONDENSED CONSOLIDATED INCOME STATEMENTS

Unaudited, amounts in thousands, except per share data

|  | Three months ended<br>April 30, |              | Year ended<br>April 30, |              |
|--|---------------------------------|--------------|-------------------------|--------------|
|  | 2009                            | 2008         | 2009                    | 2008         |
|  | -----                           | -----        | -----                   | -----        |
| Revenues:                                |                                 |              |                         |              |
| Service revenues                         | \$ 2,081,162                    | \$ 2,125,982 | \$ 3,437,906            | \$ 3,393,906 |
| Other revenues:                          |                                 |              |                         |              |
| Product and other revenues               | 324,573                         | 364,934      | 491,155                 | 541,166      |
| Interest income                          | 61,018                          | 50,200       | 154,516                 | 151,558      |
|  | -----                           | -----        | -----                   | -----        |
|  | 2,466,753                       | 2,541,116    | 4,083,577               | 4,086,630    |
|  | -----                           | -----        | -----                   | -----        |
| Operating expenses:                      |                                 |              |                         |              |
| Cost of services                         | 1,023,687                       | 1,015,598    | 2,296,449               | 2,280,478    |
| Cost of other revenues                   | 82,879                          | 112,786      | 299,769                 | 307,715      |
| Selling, general and administrative      | 184,436                         | 274,495      | 648,490                 | 788,898      |
|  | -----                           | -----        | -----                   | -----        |
|  | 1,291,002                       | 1,402,879    | 3,244,708               | 3,377,091    |
|  | -----                           | -----        | -----                   | -----        |
| Operating income                         | 1,175,751                       | 1,138,237    | 838,869                 | 709,539      |
| Other income, net                        | 2,303                           | 5,740        | 501                     | 25,532       |
|  | -----                           | -----        | -----                   | -----        |
| Income from continuing operations before |                                 |              |                         |              |

|                                       |            |            |            |              |
|---------------------------------------|------------|------------|------------|--------------|
| taxes                                 | 1,178,054  | 1,143,977  | 839,370    | 735,071      |
| Income taxes                          | 470,245    | 458,017    | 326,315    | 289,124      |
|                                       | -----      | -----      | -----      | -----        |
| Net income from continuing operations | 707,809    | 685,960    | 513,055    | 445,947      |
| Net loss from discontinued operations | (906)      | (142,398)  | (27,382)   | (754,594)    |
|                                       | -----      | -----      | -----      | -----        |
| Net income (loss)                     | \$ 706,903 | \$ 543,562 | \$ 485,673 | \$ (308,647) |
|                                       | =====      | =====      | =====      | =====        |
| Basic earnings (loss) per share:      |            |            |            |              |
| Net income from continuing operations | \$ 2.10    | \$ 2.11    | \$ 1.54    | \$ 1.37      |
| Net loss from discontinued operations | -          | (0.44)     | (0.08)     | (2.32)       |
|                                       | -----      | -----      | -----      | -----        |
| Net income (loss)                     | \$ 2.10    | \$ 1.67    | \$ 1.46    | \$ (0.95)    |
|                                       | =====      | =====      | =====      | =====        |
| Basic shares outstanding              | 336,859    | 325,610    | 332,787    | 324,810      |
| Diluted earnings (loss) per share:    |            |            |            |              |
| Net income from continuing operations | \$ 2.09    | \$ 2.09    | \$ 1.53    | \$ 1.36      |
| Net loss from discontinued operations | -          | (0.43)     | (0.08)     | (2.30)       |
|                                       | -----      | -----      | -----      | -----        |
| Net income (loss)                     | \$ 2.09    | \$ 1.66    | \$ 1.45    | \$ (0.94)    |
|                                       | =====      | =====      | =====      | =====        |
| Diluted shares outstanding            | 337,963    | 328,028    | 334,539    | 327,468      |

H&R BLOCK

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Unaudited, amounts in thousands

|  | Year ended April 30, |              |
|--|----------------------|--------------|
|  | 2009                 | 2008         |
|  | -----                | -----        |
| Cash flows from operating activities:  |                      |              |
| Net income (loss)  | \$ 485,673           | \$ (308,647) |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities: |                      |              |
| Depreciation and amortization  | 123,631              | 119,514      |
| Provision for bad debts and loan losses  | 181,829              | 174,813      |
| Provision for deferred taxes   | 73,213               | (51,695)     |
| Stock-based compensation   | 26,557               | 40,373       |
| Operating cash flows provided by discontinued operations:                                |                      |              |
| Loss on sale of discontinued operations  | 10,626               | 45,510       |
| Other  | 86,952               | 167,535      |
| Other net changes in working capital, net of acquisitions                                | 35,958               | 71,357       |
|  | -----                | -----        |
| Net cash provided by operating activities  | 1,024,439            | 258,760      |
|  | -----                | -----        |
| Cash flows from investing activities:  |                      |              |
| Principal repayments on mortgage loans held for investment, net                          | 91,329               | 207,606      |
| Purchases of property and equipment, net   | (97,880)             | (101,554)    |
| Payments made for business acquisitions, net of  |                      |              |

|   |              |              |
|---|--------------|--------------|
| cash acquired   | (293,805)    | (24,872)     |
| Investing cash flows provided by (used in) discontinued operations: |              |              |
| Proceeds from sale of operating units, net of cash                  | 303,983      | 1,114,535    |
| Other   | (48,917)     | (69,545)     |
| Other, net  | 50,850       | 21,119       |
|   | -----        | -----        |
| Net cash provided by investing activities                           | 5,560        | 1,147,289    |
|   | -----        | -----        |
| Cash flows from financing activities:                               |              |              |
| Repayments of commercial paper                                      | -            | (5,125,279)  |
| Proceeds from issuance of commercial paper                          | -            | 4,133,197    |
| Proceeds from issuance of Senior Notes                              | -            | 599,376      |
| Repayments of other borrowings                                      | (4,762,294)  | (9,055,426)  |
| Proceeds from other borrowings                                      | 4,733,294    | 8,505,426    |
| Customer banking deposits   | 64,357       | (345,391)    |
| Dividends paid  | (198,685)    | (183,628)    |
| Acquisition of treasury shares                                      | (106,189)    | (7,280)      |
| Proceeds from issuance of common stock                              | 141,415      | -            |
| Proceeds from exercise of stock options                             | 71,594       | 23,322       |
| Financing cash flows provided by (used in) discontinued operations  | 4,783        | (64,439)     |
| Other, net  | 11,492       | (37,947)     |
|   | -----        | -----        |
| Net cash used in financing activities                               | (40,233)     | (1,558,069)  |
|   | -----        | -----        |
| Net increase (decrease) in cash and cash equivalents                | 989,766      | (152,020)    |
| Cash and cash equivalents at beginning of the year                  | 664,897      | 816,917      |
|   | -----        | -----        |
| Cash and cash equivalents at end of the year                        | \$ 1,654,663 | \$ 664,897   |
|   | =====        | =====        |
| Supplementary cash flow data:                                       |              |              |
| Income taxes paid, net of refunds received                          | \$ (1,593)   | \$ (238,803) |
| Interest paid on borrowings   | 89,541       | 173,181      |
| Interest paid on deposits   | 14,004       | 44,501       |
| Transfers of loans to foreclosed assets                             | 65,171       | -            |

H&R BLOCK

U.S. TAX OPERATING DATA

(amounts in thousands, except average fee)

|                                  | Year ended April 30, |              | Percent Change |
|----------------------------------|----------------------|--------------|----------------|
|                                  | 2009                 | 2008         |                |
| Net tax preparation fees: (1)    |                      |              |                |
| Company-owned operations         | \$ 2,000,281         | \$ 1,930,117 | 3.6%           |
| Franchise operations             | 828,871              | 876,579      | -5.4%          |
|                                  | -----                | -----        |                |
|                                  | \$ 2,829,152         | \$ 2,806,696 | 0.8%           |
|                                  | =====                | =====        |                |
| Tax returns prepared: (2),(3)    |                      |              |                |
| Company-owned operations         | 10,231               | 10,530       | -2.8%          |
| Franchise operations             | 4,936                | 5,577        | -11.5%         |
|                                  | -----                | -----        |                |
| Total retail operations          | 15,167               | 16,107       | -5.8%          |
|                                  | -----                | -----        |                |
| Software                         | 2,418                | 2,378        | 1.7%           |
| Online                           | 2,775                | 1,911        | 45.2%          |
|                                  | -----                | -----        |                |
| Total paid digital tax solutions | 5,193                | 4,289        | 21.1%          |
| Free File Alliance               | 788                  | 1,453        | -45.8%         |
|                                  | -----                | -----        |                |
| Total digital tax solutions      | 5,981                | 5,742        | 4.2%           |
|                                  | -----                | -----        |                |



|  |           |           |       |
|--|-----------|-----------|-------|
|  | 21,148    | 21,849    | -3.2% |
|  | =====     | =====     |       |
| Net average fee per tax return prepared: (4) |           |           |       |
| Company-owned operations                     | \$ 196.16 | \$ 183.68 | 6.8%  |
| Franchise operations                         | 169.04    | 157.72    | 7.2%  |
|  | -----     | -----     |       |
|  | \$ 187.36 | \$ 174.70 | 7.2%  |
|  | =====     | =====     |       |

- (1) Amounts include gross tax preparation fees less coupons and discounts.
- (2) Prior year numbers have not been reclassified between company-owned and franchise offices for offices which commenced company-owned operations during fiscal year 2009. Fiscal year 2009 returns include approximately 470,000 returns prepared in offices of our last major franchise operator, which we acquired in November 2008.
- (3) Fiscal year 2008 amounts exclude Economic Stimulus Act only filers of approximately 164,000 and 127,000 for company-owned and franchise operations, respectively.
- (4) Amounts are calculated as net tax preparation fees divided by retail tax returns prepared.

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