H&R Block Reports Record Full-Year Revenues and Earnings; Earnings Per Share Increase 19 Percent

June 20, 2001 4:08 PM ET

KANSAS CITY, Mo., June 20 /PRNewswire/ -- H&R Block Inc. (NYSE: HRB) today reported record earnings for the fiscal year ended April 30, 2001. Diluted net earnings per share rose 19.2 percent to $3.04 compared to $2.55 reported for the prior year. Net earnings for fiscal 2001 totaled $281.2 million, an 11.6 percent increase from $251.9 reported last year. Excluding the effects of two, one-time items -- 5 cents per share income related to the fourth quarter adoption of SFAS 133 and an 11-cent per share charge related to settlement of litigation -- earnings per share from continuing operations were $3.10.

Cash earnings improved 19 percent over the prior year to $362.2 million, or $3.91 per diluted share, compared with earnings of $304.4 million, or $3.08 per diluted share. The company defines cash earnings as earnings net of the after-tax effect of amortization expense of acquired intangible assets (and excluding the effect of the adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities").

"In a year where there were few external factors, such as tax law changes, to help drive our income tax business, we achieved outstanding growth in financial results," said Mark A. Ernst, president and chief executive officer. "Much of the credit goes to disciplined expense management by our associates and strategic targeting of our marketing campaigns to attract tax clients with more complex returns.

"Our mortgage operations turned in another strong performance while also expanding its retail business, which is an important component of our growth strategy," Ernst said.

Reflecting the strong financial performance of the company, the Board of Directors of H&R Block today announced a two-for-one split of its common stock. The stock split will be effective Aug. 1, 2001, in the form of a 100 percent stock distribution payable to stockholders of record as of the close of business July 10, 2001. The Board also approved a 7 percent increase in the quarterly cash dividend, declaring a dividend of 16 cents per share (split adjusted), payable Oct. 1, 2001, to shareholders of record Sept. 10, 2001.

The company reported revenue growth of 22.4 percent to $3 billion, compared with $2.5 billion last year, driven by double-digit growth within all domestic lines of business.

The company's performance as measured by earnings before interest (including interest expense on acquisition debt, investment income and interest allocated to operating business units), taxes, depreciation and amortization (EBITDA), improved by $189.2 million to $787.2 million, a gain of 31.6 percent over the prior year. The pretax amortization expense of acquired intangible assets increased to $104.3 million from $66.3 million last year.

U.S. Tax Operations

H&R Block's U.S. tax operations reported fiscal 2001 revenues of $1.7 billion, an increase of $223 million, or 15.6 percent, compared with $1.4 billion a year ago. Pretax earnings for the segment improved $113.5 million, or 35.5 percent, to $433.5 million, compared to $320 million last year. Strict cost control helped drive a 385 basis point year-over-year improvement in the pretax operating margin of the tax segment to 26.2 percent, compared with 22.4 percent last year. EBITDA increased $120.6 million to $507.1 million, or 31.2 percent over the prior year.

"Associates in our tax businesses delivered great results in a challenging business environment," Ernst said. "The segment's strong results can be attributed to a variety of factors, including an increase in the average fee per client, effective expense management, and year-over-year improvements in both e-commerce and refund anticipation loan participations.

"We're pleased with the integration of our online and office professional tax services this year. The information gained will enable us to more aggressively execute our integrated service strategy in the coming year," Ernst added. "Software results were encouraging, with revenues climbing almost 50 percent combined with strong gains in unit market share."

For the entire fiscal year, tax preparation and related fees from company- owned and franchised offices increased 9.8 percent, compared with the same period last year, while the number of clients served by company-owned and franchised operations increased 2.5 percent. During the period, H&R Block filed 14.6 million federal returns electronically, representing an 8.8 percent increase over the prior year. During the tax season, 80.2 percent of returns processed by the company were filed electronically.

International Tax Operations

International tax operations, which includes Canada, Australia and the United Kingdom, generated revenues of $79.6 million, down 2.4 percent from last year primarily due to the strength of the U.S. dollar. Pretax earnings improved $2.8 million, or 57.7 percent, to $7.7 million, compared with $4.9 million a year ago. Led by Canada, all three countries significantly improved operating results, offset by a strengthening U.S. dollar. International tax operations reported a 22.4 percent improvement in EBITDA to $12.7 million, compared with $10.4 million last year.

"Calculated in local currency, we saw double-digit earnings growth in both Canada and Australia, but those results were negatively impacted by currency translation," Ernst said. "After focusing the past year on increasing operational efficiencies, we're now prepared to pursue growth opportunities in our international markets."

Mortgage Operations

Mortgage operations, which primarily includes Option One Mortgage Corporation and H&R Block Mortgage Corporation, reported that pretax earnings rose $50.5 million, or 57 percent, to $139 million, compared to $88.6 million last year. Revenues rose 17 percent to $415.8 million. The exceptionally strong results are attributable to higher loan origination and servicing volume, improved pricing on loans generated, and continued cost control. These items, as well as third-party off-balance sheet arrangements, contributed to the 850 basis point year-over-year pretax operating margin improvement. EBITDA increased $52.9 million to $161.8 million, or 48.6 percent over the prior year.

"Option One continues to distinguish itself as one of the most successful companies in its industry," Ernst said. "On the retail side, H&R Block Mortgage significantly expanded its business and is demonstrating the strength of our cross-sell strategy."

Option One and H&R Block Mortgage originated $6.5 billion in loans during fiscal 2001, an increase of 14.7 percent over last year. As of April 30, 2001, Option One's servicing portfolio was $18.2 billion, an increase of $6.9 billion, or 61 percent, over last year.

Investment Services

As anticipated, the poor market environment negatively affected operational metrics and fiscal year results in H&R Block's investment services operations, which consists primarily of H&R Block Financial Advisors Inc. Fiscal 2001 revenues totaled $472.4 million, compared with $268.4 million last year. Revenues were higher due to the inclusion of H&R Block Financial Advisors for a full 12 months this year, compared with only five months last year. Pretax earnings declined 69.2 percent year-over-year to $12.7 million. Investment services reported a 16.7 percent increase in EBITDA to $78.1 million from $66.9 million in the prior year.

In the fourth quarter, $17 million was accrued related to previously announced litigation brought against Olde Discount Corporation related to activities occurring prior to Block's acquisition of Olde. Also in the fourth quarter, the company recorded $1.6 million in one-time charges associated with recently announced staff reductions as a result of the industry-wide market slow down.

"This was a difficult year for the brokerage industry overall," Ernst said. "But despite the difficult environment, we continued to make progress in integrating our financial and tax businesses, expanded our product line and online capabilities, and successfully tested a new IRA product in nearly 1,500 tax offices in 14 states.

"In addition, we trained and licensed more than 400 tax preparers as financial advisors, who then opened more than 3,000 accounts during tax season," Ernst added.

Business Services

Business services, which primarily includes RSM McGladrey Inc., reported pretax earnings of $17 million, compared with $17.1 million last year. The decrease over last year primarily reflects first quarter losses this year of $3.5 million, which were not included in fiscal 2000 results, due to the August 1999 acquisition of RSM McGladrey. Revenues rose 20.3 percent to $373.8 million, compared with $310.9 million last year. Revenue growth was driven by a combination of factors including the inclusion of RSM McGladrey for a full 12 months, growth in underlying operations, the introduction of new services, and the impact of new mergers. Business services reported a 20.9 percent improvement in EBITDA to $55.8 million, compared with $46.2 million last year.

"This segment's year was even better than the numbers suggest," Ernst said. "By integrating our six accounting firms with RSM McGladrey, we have created a single brand for the business and consolidated the management structure, which now has a common focus to drive growth.

"We also expanded our client service offerings, entering into an insurance alliance and introducing wealth management services," he said. "To strengthen our position in key markets, we acquired three firms in New York, Boston and Washington, D.C. We will continue to enhance this business by selectively adding firms in strategic markets."

Other

Interest expense on acquisition debt increased $42.6 million to $98.8 million versus a year ago, due to the full-year inclusion of the financing costs associated with the acquisition of H&R Block Financial Advisors on Dec. 1, 1999.

Fiscal 2002 Performance Expectations

In announcing its performance outlook for fiscal 2002, H&R Block indicated that proposed FASB rules on goodwill amortization related to acquisitions would positively impact its earnings. Current indications are that the company will be permitted to elect early adoption of the rules and discontinue amortization of goodwill and certain intangible assets effective as of the beginning of its fiscal 2002 year. It is the company's intention to make this early election. The reduction in amortization expense will positively impact earnings per share by approximately 50 cents to 87 cents, depending upon provisions in the final standards, based on the expected level of outstanding shares.

"We expect to be within our previous guidance range of 13 to 18 percent for earnings per share growth for fiscal year 2002, excluding the impact of accounting changes," Ernst said. "Because we do not yet see change in the market environment for H&R Block Financial Advisors, we expect overall company revenue growth to be slightly below our 10 to 15 percent growth target for fiscal year 2002."

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 for fiscal year 2002; the uncertainties that the company will be permitted to elect early adoption of FASB rules on goodwill amortization related to acquisitions and the extent to which such rules will positively impact the company's earnings; the uncertainties that the company will successfully pursue growth opportunities in international markets and execute its integrated service strategy; 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 wide 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 2.2 million tax clients through its award-winning software program, Kiplinger TaxCut(R), and through its new 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 full range of home mortgage products. RSM McGladrey Inc. is a national accounting, tax and consulting firm with more than 100 offices nationwide, as well as an affiliation with 550 offices in 75 countries as the U.S. member of RSM International. Quarterly results and other information are available on the company's Web site at www.hrblock.com .

H&R BLOCK, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited, amounts in thousands, except per share data

	Three months ended April 30, 2001	2000	1999
Revenues	$1,703,991	$1,607,930	$1,196,997
Earnings from continuing operations before income taxes	641,635	557,743	481,153
Net earnings from continuing operations before change in acctg.	373,689	340,781	298,335
Net loss on sale of discontinued operations (less applicable income tax benefit of $614)	-	-	(961)
Cumulative effect of change in accounting principle for derivative & hedging activities (less applicable income taxes of $2,717)	4,414	-	-
Net earnings	$378,103	$340,781	$297,374

Basic net earnings per share:

	2001	2000	1999
Net earnings from continuing operations before change in acctg.	$4.08	$3.47	$3.06
Net earnings	$4.13	$3.47	$3.05
Basic shares outstanding	91,654	98,249	97,463

Diluted net earnings per share:

	2001	2000	1999
Net earnings from continuing operations before change in acctg.	$4.00	$3.45	$3.03
Net earnings	$4.05	$3.45	$3.02
Diluted shares outstanding	93,407	98,805	98,593

	Year ended April 30, 2001	2000	1999
Revenues	$3,001,575	$2,451,943	$1,644,665
Earnings from continuing operations before income taxes	473,078	412,266	383,541
Net earnings from continuing operations before change in acctg.	276,748	251,895	237,795
Net loss from discontinued operations (less applicable income tax benefit of $953)	-	-	(1,490)
Net loss on sale of discontinued operations (less applicable			

income tax benefit of $13,387)	-	-	(20,939)
Cumulative effect of change in accounting principle for derivative & hedging activities (less applicable income taxes of $2,717)	4,414	-	-
Net earnings	$281,162	$251,895	$215,366

Basic net earnings per share:

Net earnings from continuing operations before change in acctg.	$3.01	$2.57	$2.38
Net earnings	$3.06	$2.57	$2.16
Basic shares outstanding	91,947	98,033	99,761

Diluted net earnings per share:

Net earnings from continuing operations before change in acctg.	$2.99	$2.55	$2.36
Net earnings	$3.04	$2.55	$2.14
Diluted shares outstanding	92,568	98,929	100,821

Notes to Consolidated Statements of Operations

Basic and diluted net earnings per share is based on the weighted average number of shares outstanding during each period.

Reclassifications have been made to prior years to conform with current period presentation.

In the fourth quarter of fiscal 2001, the Company elected the early adoption of Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended in June 2000 (SFAS 133) and Statement of Financial Accounting Standards No. 138, "Accounting for Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS 138). SFAS 133 and SFAS 138 establish accounting and reporting standards for derivatives and hedging activities, and requires companies to record derivative instruments as assets or liabilities, measured at fair value. The Company has identified derivative instruments related to certain of its commitments to originate residential mortgage loans. The net transition adjustment for adoption of SFAS 133 and SFAS 138 of $4,414 is show as the cumulative effective of a change in accounting principle in the consolidated statement of earnings for the year ended April 30, 2001.

In the fourth quarter of fiscal 2001, the Company implemented SEC Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements" (SAB 101). SAB 101 summarizes certain of the SEC's views in applying generally accepted accounting principles. The implementation of SAB 101 has no impact on the annual revenues and earnings, however, due to the seasonal influences of the business, the implementation results in a shift of revenues and earnings between the Company's third and fourth quarter. As a result, the Company has restated its third and fourth quarter of fiscal year 2001.

On December 1, 1999, the Company completed the acquisition of the outstanding capital stock of Olde Financial Corporation and Financial Marketing Services, Inc. (collectively, OLDE). The purchase price was $850 million in cash plus net tangible book value payments of $48.5 million. The acquisition was accounted for as a purchase and, accordingly, OLDE's results are included since the date of the acquisition. The acquisition was funded with short-term borrowings and the issuance of $500 million in Senior Notes in the fourth quarter of fiscal 2000.

On August 2, 1999, the Company, through a subsidiary, RSM McGladrey, Inc., completed the purchase of substantially all of the non-attest assets of McGladrey & Pullen, LLP. The purchase price was $240 million in cash payments over four years and the assumption of certain pension liabilities with a present value of $52.7 million. The acquisition was accounted for as a purchase, and accordingly, results are included since the date of acquisition.

On January 29, 1999, the Company completed the sale of its WebCard Visa portfolio. The Company ultimately recorded a $20.9 million loss, net of taxes, on the transaction. The Consolidated Statements of Operations for the year and three months ended April 30, 1999 reflect the Company's Credit Card Operations segment as discontinued operations. Revenues from discontinued operations for the year ended April 30, 1999 were $24.1 million.

During the year ended April 30, 2001, 2000 and 1999, the Company issued shares of its common stock pursuant to provisions for exercise of the Company's stock option plans as follows: 2001 - 491,771 shares; 2000 - 1,023,582 shares; 1999 - 2,185,610 shares. During the same periods, the Company reacquired shares of its common stock as follows: 2001 - 6,816,098 shares at an aggregate cost of $222,894,000; 2000 - 1,136,300 shares at an aggregate cost of $50,654,000; 1999 - 11,842,500 shares at an aggregate cost of $492,945,000.

H&R BLOCK, INC.

SELECTED OPERATIONAL INFORMATION

Unaudited, amounts in thousands

	Three months ended April 30,			
	Revenues		Earnings (loss)	
	2001	2000	2001	2000
U.S. tax operations	$1,294,414	$1,160,436	$603,173	$504,152
International tax operations	51,913	54,259	20,209	20,168
Mortgage operations	136,343	105,512	58,193	19,123
Investment services	92,021	164,917	(18,760)	26,944
Business services	126,727	120,702	19,776	15,316
Unallocated corporate	2,573	2,104	(14,769)	(9,028)
Interest expense on acquisition debt	-	-	(22,999)	(24,202)
	$1,703,991	$1,607,930	644,823	552,473
Investment income, net			(377)	3,270
Intercompany interest*			(2,811)	2,000
			641,635	557,743
Taxes on earnings			267,946	216,962
Net earnings before change in accounting principle			373,689	340,781
Cumulative effect of change in accounting principle			4,414	-
Net earnings			$378,103	$340,781

	Year ended April 30,			
	Revenues		Earnings (loss)	
	2001	2000	2001	2000
U.S. tax operations	$1,654,123	$1,431,085	$433,514	$319,992
International tax operations	79,568	81,518	7,678	4,869
Mortgage operations	415,802	355,429	139,036	88,574
Investment services	472,425	268,376	12,689	41,226
Business services	373,820	310,867	17,045	17,111
Unallocated corporate	5,837	4,668	(37,527)	(22,476)
Interest expense on acquisition debt	-	-	(98,759)	(56,118)
	$3,001,575	$2,451,943	473,676	393,178
Investment income, net			5,977	9,840
Intercompany interest*			(6,575)	9,248
			473,078	412,266
Taxes on earnings			196,330	160,371
Net earnings before change				

in accounting principle	276,748	251,895
Cumulative effect of change in accounting principle	4,414	-
Net earnings	$281,162	$251,895

- Intercompany interest represents net interest expense charged to financial related businesses for corporate cash that was borrowed to fund their operating activities and, in fiscal 2001, it also includes net unallocated interest expense attributable to commitment fees on the unused portion of the Company's $1.86 billion credit facility.

H&R Block, Inc.

Consolidated Balance Sheets

Unaudited, amounts in thousands, except share data

	April 30, 2001	April 30, 2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$271,813	$379,901
Marketable securities -- available-for-sale	8,266	16,966
Marketable securities -- trading	46,158	45,403
Receivables from customers, brokers, dealers and clearing organizations, less allowance for doubtful accounts of $1,692 and $759	1,310,804	2,857,379
Receivables, less allowance for doubtful accounts of $47,124 and $49,602	373,223	434,722
Prepaid expenses and other current assets	260,942	145,741
TOTAL CURRENT ASSETS	2,271,206	3,880,112
INVESTMENTS AND OTHER ASSETS:		
Investments in available-for-sale marketable securities	270,159	243,499
Excess of cost over fair value of net tangible assets acquired, net of amortization	1,051,826	1,095,074
Other	239,586	198,887
	1,561,571	1,537,460
PROPERTY AND EQUIPMENT, at cost less accumulated depreciation and amortization	288,847	299,499
	$4,121,624	$5,717,071
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$-	$283,797
Accounts payable to customers, brokers and dealers	1,058,000	2,570,200
Accounts payable, accrued expenses and deposits	361,210	222,362
Accrued salaries, wages and payroll taxes	221,830	173,333
Accrued taxes on earnings	295,599	216,298
Current portion of long-term debt	51,763	67,978
TOTAL CURRENT LIABILITIES	1,988,402	3,533,968
LONG-TERM DEBT	870,974	872,396

OTHER NONCURRENT LIABILITIES	88,507	87,916
STOCKHOLDERS' EQUITY:		
Common stock, no par, stated value $.01 per share	1,089	1,089
Additional paid-in capital	419,957	420,594
Accumulated other comprehensive income (loss)	(42,767)	(22,039)
Retained earnings	1,450,112	1,277,324
	1,828,391	1,676,968
Less cost of 17,168,455 and 10,937,683 shares of common stock in treasury	654,650	454,177
	1,173,741	1,222,791
	$4,121,624	$5,717,071

H&R Block, Inc.

Consolidated Statements of Cash Flows

Unaudited, amounts in thousands

	Year ended April 30, 2001	2000
Cash flows from operating activities:		
Net earnings	$281,162	$251,895
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	205,608	147,218
Net gain on sale of subsidiary	(2,040)	14,501
Effect of change in accounting principle	(4,414)	-
Provision for bad debt	84,422	51,719
Provision for deferred taxes on earnings	(38,871)	(29,286)
Accretion of acquisition liabilities	11,863	10,641
Changes in:		
Receivables from customers, brokers, dealers and clearing organizations	1,544,640	(893,435)
Receivables	(100,170)	178,589
Marketable securities - trading	240	6,899
Prepaid expenses and other current assets	(88,514)	(52,551)
Accounts payable to customers, brokers and dealers	(1,512,200)	868,012
Accounts payable, accrued expenses and deposits	138,499	3,732
Accrued salaries, wages and payroll taxes	48,901	13,683
Accrued taxes on earnings	66,465	68,316
Other, net	(18,778)	(23,578)
Net cash provided by operating activities	616,813	616,355
Cash flows from investing activities:		
Purchases of available-for-sale securities	(10,636)	(14,281)
Maturities of available-for-sale securities	41,389	76,371
Purchases of property and equipment, net	(90,033)	(141,856)
Payments made for business acquisitions, net of cash acquired	(21,143)	(971,802)
Proceeds from sale of subsidiary	23,200	-

Other, net	(5,468)	71,444
Net cash used in investing activities	(62,691)	(980,124)
Cash flows from financing activities:		
Repayments of notes payable	(18,219,741)	(50,800,661)
Proceeds from issuance of notes payable	17,935,944	51,012,519
Proceeds from issuance of long-term debt	-	495,800
Payments on acquisition debt	(68,743)	(4,730)
Dividends paid	(108,374)	(105,480)
Payments to acquire treasury shares	(222,895)	(50,654)
Proceeds from stock options exercised	19,550	33,222
Other, net	2,049	(29,586)
Net cash provided by (used in) financing activities	(662,210)	550,430
Net increase (decrease) in cash and cash equivalents	(108,088)	186,661
Cash and cash equivalents at beginning of the period	379,901	193,240
Cash and cash equivalents at end of the period	$271,813	$379,901
Supplementary cash flow data:		
Income taxes paid	$152,033	$122,447
Interest paid	230,448	141,577

H&R Block, Inc.

Consolidated Statements of Operations

Unaudited, amounts in thousands, except per share data

	Year ended April 30, 2001	2000
Revenues:		
Service revenues	$2,441,448	$2,021,162
Product sales	368,844	267,336
Royalties	149,683	138,903
Other income	41,600	24,542
	3,001,575	2,451,943
Operating expenses:		
Employee compensation and benefits	1,192,294	963,536
Occupancy and equipment	283,181	253,171
Interest	242,551	155,027
Depreciation and amortization	205,608	147,218
Marketing and advertising	143,559	140,683
Supplies, freight and postage	70,440	64,599
Bad debt	84,422	51,719
Other	314,454	273,902
	2,536,509	2,049,855
Operating earnings	465,066	402,088
Other income:		
Investment income, net	5,977	9,840
Other, net	2,035	338
	8,012	10,178
Earnings before income taxes	473,078	412,266
Taxes on earnings	196,330	160,371
Net earnings before change in accounting principle	276,748	251,895

Effect of change in accounting principle for derivative and hedging activities	4,414	-
Net earnings	$281,162	$251,895
Basic net earnings per share:		
Net earnings before change in accounting principle	$3.01	$2.57
Effect of change in accounting principle	$0.05	$-
Net earnings	$3.06	$2.57
Basic shares outstanding	91,947	98,033
Diluted net earnings per share:		
Net earnings before change in accounting principle	$2.99	$2.55
Effect of change in accounting principle	$0.05	$-
Net earnings	$3.04	$2.55
Diluted shares outstanding	92,568	98,929

H&R Block, Inc.
Financial Services Operating Data

H&R Block Financial Advisors, Inc.

	For the year ended 04/27/2001	For the three months ended 04/27/2001
Customer trades (000's)	2,361	489
Customer daily average trades	12,148	7,760
Average commission per trade	$67.38	$67.21
Number of active accounts (000's)	620	620
Average trades per active account per quarter	n/a	0.79
Average trades per active account per year (annualized)	3.81	3.15
Ending balance of assets under administration ($ bn's)	$31.5	$31.5
Average assets per active account	$50,817	$50,817
Ending debit balances ($ bn's)	$1.3	$1.3
Ending credit balances ($ bn's)	$0.8	$0.8
Ending balance of assets under management ($ bn's)	$3.7	$3.7

(principally money market funds)

	For the three months ended 04/30/00	%Change	01/26/01
Customer trades (000's)	1,110	-55.9%	599
Customer daily average trades	17,615	-55.9%	9,816
Average commission per trade	$63.34	6.1%	$68.61
Number of active accounts (000's)	658	-5.8%	605

Average trades per active account per quarter	1.69	-53.2%	0.99
Average trades per active account per year (annualized)	6.74	-53.2%	3.96
Ending balance of assets under administration ($ bn's)	$44.0	-28.3%	$36.3
Average assets per active account	$66,765	-23.9%	$60,028
Ending debit balances ($ bn's)	$2.8	-54.5%	$1.9
Ending credit balances ($ bn's)	$1.0	-16.8%	$0.9
Ending balance of assets under management ($ bn's)	$3.3	10.5%	$3.6

(principally money market funds)

Option One Mortgage Corporation

	For the year ended 04/30/2001	For the three months ended 04/30/2001
Number of loans originated		
Wholesale	49,805	14,160
Retail	10,254	3,520
Total	60,059	17,680
Volume of loans originated (000's)		
Wholesale	$5,289,715	$1,579,171
Retail	1,235,186	467,579
Total	$6,524,901	$2,046,750
Loan sales	$6,009,544	$2,127,493
Servicing portfolio		
Number of loans serviced (000's)	173.9	173.9
Servicing portfolio ($ bn's)	$18.2	$18.2

	For the three months ended		
	04/30/00	% Change	01/31/01
Number of loans originated			
Wholesale	12,625	12.2%	12,443
Retail	1,406	150.4%	2,424
Total	14,031	26.0%	14,867
Volume of loans originated (000's)			
Wholesale	$1,286,633	22.7%	$1,297,435
Retail	162,949	186.9%	294,241
Total	$1,449,582	41.2%	$1,591,676
Loan sales	$1,851,688	14.9%	$1,547,169
Servicing portfolio			
Number of loans serviced (000's)	114.4	52.1%	172.6
Servicing portfolio ($ bn's)	$11.3	61.0%	$17.5

SOURCE H&R Block, Inc.

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