

H&R Block Reports Interim Tax Season Data Through March

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KANSAS CITY, Mo.--(BUSINESS WIRE)--April 16, 2004--H&R Block Inc. (NYSE:HRB) said U.S. tax preparation and related fees for Jan. 1 through March 31 increased 5.7 percent to \$1.8 billion.

The company's U.S. tax business has served 15.8 million clients, about the same as last year, including a 13.8 percent increase in digital tax solutions clients and a 2.5 percent decline in retail office clients.

For the period ending March 31, the average fee per retail office client was \$137.33, an increase of 8.4 percent.

"Results for the second half of March were consistent with the trends we've experienced all season, including higher revenue per client and fewer clients served in our retail offices," Chairman and Chief Executive Officer Mark A. Ernst said.

"We continue to be pleased with the growth in our digital tax solutions clients," he said.

The company is maintaining its earnings guidance for the fiscal year, which is in the range of \$3.65 to \$3.85 per share.

The company also noted that it has corrected its count of refund anticipation loans (RALs), which is slightly lower than stated previously. The count through March 15 was lowered by approximately 2 percent, because the source data did not properly reflect RAL denials.

H&R Block plans to release preliminary business results for the final two weeks of the U.S. tax season before market opening on April 30.

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 2004 and that actual financial results for fiscal year 2004 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

H&R Block Inc. (www.hrblock.com) is a diversified company with subsidiaries that deliver tax, financial, mortgage and business products and services. It is the only major company with subsidiaries offering a full range of software, online and in-office tax solutions, combined with personalized financial advice about retirement savings, home ownership, and other opportunities to help clients build a better financial future. As the world's largest tax services company, H&R Block served nearly 21 million clients in the U.S. and 11 countries in 2003. H&R Block Financial Advisors Inc. offers investment services and securities products. With more than 1,000 financial advisors serving clients at more than 400 offices, H&R Block Financial Advisors Inc. is a member NYSE, SIPC, a registered broker-dealer and a registered 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 products. Option One Mortgage Corp. provides mortgage services and offers wholesale mortgage products through large financial institutions and a network of 24,000 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, Inc.
Preliminary U.S. Tax Operating Data
Amounts in thousands, except average fee and number of offices

	Period					YTD
	1/1- 1/31	2/1- 2/15	2/16- 2/29	3/1- 3/15	3/16- 3/31	
Tax preparation & related fees(1)						

Fiscal year 2004						
Company-owned						
offices(2)	\$309,034	\$364,345	\$180,131	\$142,323	\$145,732	\$1,141,565
Former major franchise territories(3)	21,889	27,146	11,846	12,661	10,809	84,351

Total company-owned offices	330,923	391,491	191,977	154,984	156,541	1,225,916
Franchise offices(4)	169,338	182,173	86,199	64,612	61,204	563,526

	\$500,261	\$573,664	\$278,176	\$219,596	\$217,745	\$1,789,442
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Fiscal year 2003(5)						
Company-owned						
offices(2)	\$288,175	\$365,196	\$151,759	\$141,083	\$137,640	\$1,083,853
Former major franchise territories(3)	18,714	28,246	11,742	11,206	10,004	79,912

Total company-owned offices	306,889	393,442	163,501	152,289	147,644	1,163,765
Franchise offices(4)	153,725	180,043	76,308	62,102	56,966	529,144

	\$460,614	\$573,485	\$239,809	\$214,391	\$204,610	\$1,692,909
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Percent change						
Company-owned						
offices	7.2%	-0.2%	18.7%	0.9%	5.9%	5.3%
Former major franchise territories	17.0%	-3.9%	0.9%	13.0%	8.1%	5.6%

Total company-owned offices	7.8%	-0.5%	17.4%	1.8%	6.0%	5.3%

Franchise offices	10.2%	1.2%	13.0%	4.0%	7.4%	6.5%

Total retail offices	8.6%	0.0%	16.0%	2.4%	6.4%	5.7%

Total clients served						

Fiscal year 2004						
Company-owned						
offices(2)	2,191	2,553	1,263	976	944	7,927
Former major						

franchise territories(3)	168	208	89	94	76	635
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Total company-owned offices	2,359	2,761	1,352	1,070	1,020	8,562
Franchise offices(4)	1,347	1,460	692	509	460	4,468
Digital tax solutions(6)	1,268	737	337	234	193	2,769
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	4,974	4,958	2,381	1,813	1,673	15,799
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Fiscal year 2003(5)

Company-owned offices(2)	2,228	2,734	1,153	1,038	973	8,126
Former major franchise territories(3)	157	233	98	93	78	659
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Total company-owned offices	2,385	2,967	1,251	1,131	1,051	8,785
Franchise offices(4)	1,330	1,565	663	541	477	4,576
Digital tax solutions(6)	1,042	634	333	227	197	2,433
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	4,757	5,166	2,247	1,899	1,725	15,794
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Percent change

Company-owned offices	-1.7%	-6.6%	9.5%	-6.0%	-3.0%	-2.5%
Former major franchise territories	7.0%	-10.7%	-9.2%	1.1%	-2.6%	-3.6%

Total company-owned offices	-1.1%	-6.9%	8.1%	-5.4%	-3.0%	-2.5%

Franchise offices	1.3%	-6.7%	4.4%	-5.9%	-3.6%	-2.4%

Total retail offices	-0.2%	-6.9%	6.8%	-5.6%	-3.1%	-2.5%

Digital tax solutions	21.7%	16.3%	1.2%	3.1%	-2.0%	13.8%

Total	4.6%	-4.0%	6.0%	-4.5%	-3.0%	0.0%

Average fee per client served(7)

Fiscal year 2004

Company-owned offices(2)	\$141.05	\$142.71	\$142.62	\$145.82	\$154.38	\$144.01
Former major franchise territories(3)	130.29	130.51	133.10	134.69	142.22	132.84
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Total company-owned offices	140.28	141.79	141.99	144.84	153.47	143.18
Franchise offices(4)	125.71	124.78	124.57	126.94	133.05	126.12
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\$134.99	\$135.91	\$136.09	\$139.07	\$147.13	\$137.33
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Fiscal year 2003(5)

Company-owned offices (2)	\$129.34	\$133.58	\$131.62	\$135.92	\$141.46	\$133.38
Former major franchise territories(3)	119.20	121.23	119.82	120.49	128.26	121.26
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Total company- owned offices	128.67	132.61	130.70	134.65	140.48	132.47
Franchise offices (4)	115.58	115.04	115.10	114.79	119.43	115.63
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	\$123.99	\$126.54	\$125.29	\$128.22	\$133.91	\$126.71
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Percent change

Company-owned offices	9.1%	6.8%	8.4%	7.3%	9.1%	8.0%
Former major franchise territories	9.3%	7.7%	11.1%	11.8%	10.9%	9.5%
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Total company- owned offices	9.0%	6.9%	8.6%	7.6%	9.3%	8.1%
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Franchise offices	8.8%	8.5%	8.2%	10.6%	11.4%	9.1%
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Total retail offices	8.9%	7.4%	8.6%	8.5%	9.9%	8.4%
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Refund anticipation loans

Fiscal year 2004(9)

Company-owned offices(2)	1,106	1,013	197	89	54	2,459
Former major franchise territories(3)	80	75	15	7	4	181
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Total company- owned offices	1,186	1,088	212	96	58	2,640
Franchise offices(4)	708	594	104	44	25	1,475
Digital tax solutions(6)	20	24	7	4	2	57
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	1,914	1,706	323	144	85	4,172
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Fiscal year 2003(5)

Company-owned offices(2)	1,146	1,148	211	121	62	2,688
Former major franchise territories(3)	81	74	16	8	4	183
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Total company- owned offices	1,227	1,222	227	129	66	2,871
Franchise offices(4)	703	653	122	58	28	1,564
Digital tax						

solutions(6)	19	29	9	6	4	67
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	1,949	1,904	358	193	98	4,502
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Percent change						
Company-owned offices	-3.5%	-11.8%	-6.6%	-26.5%	-12.9%	-8.5%
Former major franchise territories	-1.2%	1.4%	-6.3%	-12.5%	0.0%	-1.1%

Total company-owned offices	-3.3%	-11.0%	-6.6%	-25.6%	-12.1%	-8.1%

Franchise offices	0.7%	-9.0%	-14.8%	-24.1%	-10.7%	-5.7%

Total retail offices	-1.9%	-10.3%	-9.5%	-25.1%	-11.7%	-7.2%

Digital tax solutions	5.3%	-17.2%	-22.2%	-33.3%	-50.0%	-14.9%

Total	-1.8%	-10.4%	-9.8%	-25.4%	-13.3%	-7.3%

Offices FY 2004 FY 2003

Company-owned offices (2)	4,746	4,672
Former major franchise territories(3)	459	--
Company-owned shared office locations(8)	947	607
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Total company-owned offices	6,152	5,279

Franchise offices (4)	3,374	3,398
Former major franchise territories(3)	--	529
Franchise shared office locations(8)	325	95
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Total franchise offices	3,699	4,022
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	9,851	9,301
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(1) Includes fees received for tax return preparation services and system administration fees.

(2) Excludes company-owned offices in former major franchise territories which commenced operations during fiscal year 2004.

(3) Impact of company-owned offices in former major franchise territories which commenced operations during fiscal year 2004.

(4) Represents remaining major franchise territories and other

franchises.

- (5) Prior year numbers have been reclassified between company-owned and franchise offices for offices in former franchise territories which commenced company-owned operations during fiscal year 2004.
- (6) Includes on-line completed and paid returns and federal software units sold.
- (7) Calculated as tax preparation and related fees divided by clients served.
- (8) Shared locations include offices located within Wal-Mart, Sears and other third-party businesses.
- (9) RALs for all periods presented in fiscal year 2004 have been corrected from previously reported to reflect modifications made to the source reports to properly reflect RAL denials. The cumulative amount of the correction through March 15 was a reduction of approximately 82,000 RALs.

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