

H&R Block Releases Preliminary Earnings for Fiscal 2008 Second Quarter; Delays Filing of Form 10-Q Report and Analyst Call

December 11, 2007 7:01 AM ET

KANSAS CITY, Mo.--(BUSINESS WIRE)--Dec. 11, 2007--H&R Block Inc. (NYSE:HRB) today publicly released its preliminary earnings for the fiscal 2008 second quarter showing a net loss of \$502.3 million, or \$1.55 per basic and diluted share, compared with a loss of \$156.5 million, or 49 cents per share in the comparable period in the prior year. Of the total loss, \$366.2 million, or \$1.13 per share, resulted from discontinued operations, compared with a loss of \$35.5 million, or 11 cents per share, in last year's comparable period.

The company also filed a Form 12b-25 report with the Securities and Exchange Commission (SEC) today setting forth its inability to file its Form 10-Q for the quarter ended Oct. 31, 2007, within the initial 40 day required period. In its Form 12b-25 filing, the company reported that Deloitte & Touche LLP (D&T) was engaged as its independent registered public accounting firm on Oct. 15, 2007. In light of the engagement of D&T at such a late stage during the fiscal quarter ending Oct. 31, 2007, and the time required for D&T to complete its transition work, D&T and the company have not been able to complete this work prior to the initial filing deadline.

The company further announced that D&T has not completed its review of the timing of recognition of mortgage loan sales by Option One Mortgage Corporation to loan warehouse trusts. These sales occurred principally in prior years and in the first quarter of the current fiscal year and relate entirely to the company's discontinued mortgage operations. The company does not believe that this matter will have a material impact on reported earnings for the quarter ended Oct. 31, 2007, or on its ending balance sheet as of such date.

The company expects that it will be able to file its Form 10-Q no later than Dec. 14, 2007, although its ability to do so depends on D&T completing its review prior to such time. The company has postponed its analyst call previously scheduled for Dec. 11 at 8 a.m. EST until a time to be announced following filing its Form 10-Q.

Forward Looking Statements

This announcement may contain forward-looking statements, which are any statements that are not historical facts. These forward-looking statements are based upon the current expectations of the company 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, the termination of the origination activities of Option One Mortgage Corporation; any disposition of the servicing business of Option One Mortgage Corporation, in whole or in part; uncertainties in the subprime mortgage industry and its impact on any operations of Option One Mortgage Corporation that continue to be operated by H&R Block; the liquidity demands associated with funding servicing advances to loan pools serviced by the company; potential litigation and other contingent liabilities arising from Option One Mortgage Corporation's historical and ongoing operations; uncertainties pertaining to the commercial debt market; competitive factors; regulatory capital requirements; the company's effective income tax rate; litigation; uncertainties associated with engaging a new auditor; and changes in market, economic, political or regulatory conditions. Information concerning these risks and uncertainties is contained in Item 1A of the company's 2007 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 a leading provider of tax, financial, and 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 reported revenues of \$4.0 billion and net income from continuing operations of \$374.3 million in fiscal year 2007. The company has continuing operations in three principal business segments: Tax

Services (income tax return preparation and related services and products via in-office, online and software solutions); Business Services (accounting, tax and business consulting services primarily for mid-sized companies); and Consumer Financial Services (brokerage services, investment planning and related financial advice along with full-service consumer banking). Headquartered in Kansas City, Mo., H&R Block markets its continuing services and products under two leading brands - H&R Block and RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

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