

## H&R Block Reports Interim Tax Season Data Through Feb. 28

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KANSAS CITY, Mo., Mar 12, 2003 /PRNewswire-FirstCall via COMTEX/ -- H&R Block Inc. (NYSE: HRB) said interim results for the current tax season through Feb. 28 indicate the continued impact of severe winter weather in key parts of the country, continued strength in the company's online and software businesses, and also a trend toward clients with greater tax complexity in the overall client mix.

H&R Block reported \$1.3 billion in fees from tax preparation and related services from Jan. 1 through Feb. 28, up 5.4 percent from the same period last year. Total clients served increased 0.7 percent to 11.3 million. The average fee per client served rose 8.5 percent to \$125.80.

"We continue to see a shift in the timing and urgency of tax filing this year, along with strength in our e-solutions offerings. While several important weeks of the tax season remain, filing trends suggest a solid, but not spectacular overall filing season," said Mark A. Ernst, chairman and chief executive officer.

Through Feb. 28, tax professionals in H&R Block offices prepared 10.0 million returns, a decrease of 2.4 percent. During this period, H&R Block electronically filed 93.9 percent of returns processed by the company.

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 uncertainties that the company will achieve its revenue, earnings and earnings per share goals for fiscal year 2003, that the level of growth in fees and level of decline in clients experienced in U.S. tax operations through February 28, 2003 will continue throughout the remainder of the tax season and fiscal year, and that actual financial results for fiscal year 2003 will fall within the guidance provided by the company; 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. ( [www.hrblock.com](http://www.hrblock.com) ) is a diversified company with subsidiaries that deliver tax services and financial advice, investment and mortgage products and services, and business accounting and consulting services. As the world's largest tax services company, H&R Block served nearly 23 million clients during fiscal year 2002. Clients were served at the approximately 10,400 H&R Block retail offices worldwide and through the company's award-winning software, TaxCut(R), and its online tax services. H&R Block is the only major tax and financial services company that focuses primarily on helping middle-income taxpayers achieve their financial goals. 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 Corp. offers retail mortgage products. Option One Mortgage Corp. offers wholesale mortgage products and a wide range of mortgage services. RSM McGladrey Inc. serves mid-sized businesses with accounting, tax and consulting services.

H&R Block, Inc.

Preliminary U.S. Tax Operating Data

Amounts in thousands, except average fee and number of offices

	Period			
	1/1-1/31	2/1-2/15	2/16-2/28	YTD 2/28
Tax preparation & related fees				
Fiscal year 2003				
Company owned offices	\$287,698	\$366,075	\$151,434	\$805,207
Franchised offices	173,731	209,522	89,938	473,191
	\$461,429	\$575,597	\$241,372	\$1,278,398
Fiscal year 2002 (A)				

Company owned offices	\$260,155	\$356,120	\$157,205	\$773,480
Franchised offices	148,706	199,176	91,062	438,944
	\$408,861	\$555,296	\$248,267	\$1,212,424
Percent change				
Company owned offices	10.6%	2.8%	-3.7%	4.1%
Franchised offices	16.8%	5.2%	-1.2%	7.8%
Total	12.9%	3.7%	-2.8%	5.4%
Tax returns prepared				
Fiscal year 2003				
Company owned offices	2,202	2,702	1,129	6,033
Franchised offices	1,460	1,764	762	3,986
	3,662	4,466	1,891	10,019
Fiscal year 2002 (A)				
Company owned offices	2,133	2,877	1,255	6,265
Franchised offices	1,350	1,811	835	3,996
	3,483	4,688	2,090	10,261
Percent change				
Company owned offices	3.2%	-6.1%	-10.0%	-3.7%
Franchised offices	8.2%	-2.6%	-8.7%	-0.3%
Total	5.1%	-4.7%	-9.5%	-2.4%
Total clients served				
Fiscal year 2003				
Company owned offices	2,218	2,725	1,137	6,080
Franchised offices	1,497	1,808	777	4,082
E-commerce (B)	239	596	315	1,150
	3,954	5,129	2,229	11,312
Fiscal year 2002 (A)				
Company owned offices	2,152	2,907	1,267	6,326
Franchised offices	1,403	1,872	857	4,132
E-commerce (B)	143	414	219	776
	3,698	5,193	2,343	11,234
Percent change				
Company owned offices	3.1%	-6.3%	-10.3%	-3.9%
Franchised offices	6.7%	-3.4%	-9.3%	-1.2%
E-commerce (B)	67.1%	44.0%	43.8%	48.2%
Total	6.9%	-1.2%	-4.9%	0.7%
Tax returns filed electronically (C)				
Fiscal year 2003				
Company owned offices	2,159	2,599	1,027	5,785
Franchised offices	1,441	1,671	656	3,768
E-commerce (B)	167	610	290	1,067
	3,767	4,880	1,973	10,620
Fiscal year 2002 (A)				
Company owned offices	2,084	2,730	1,111	5,925
Franchised offices	1,330	1,671	691	3,692
E-commerce (B)	119	382	214	715
	3,533	4,783	2,016	10,332
Percent change				
Company owned offices	3.6%	-4.8%	-7.6%	-2.4%
Franchised offices	8.4%	0.0%	-5.1%	2.1%
E-commerce (B)	40.3%	59.7%	35.5%	49.2%
Total	6.6%	2.0%	-2.1%	2.8%
Percent filed electronically (D)				
Fiscal year 2003				
Company owned offices	97.3%	95.4%	90.3%	95.1%
Franchised offices	96.3%	92.4%	84.4%	92.3%
E-commerce (B)	69.9%	102.3%	92.1%	92.8%
	95.3%	95.1%	88.5%	93.9%
Fiscal year 2002 (A)				
Company owned offices	96.8%	93.9%	87.7%	93.7%

Franchised offices	94.8%	89.3%	80.6%	89.4%
E-commerce (B)	83.2%	92.3%	97.7%	92.1%
	95.5%	92.1%	86.0%	92.0%

Average fee per client served

Fiscal year 2003

Company owned offices	\$129.71	\$134.34	\$133.19	\$132.44
Franchised offices	116.05	115.89	115.75	115.92
	\$124.21	\$126.98	\$126.11	\$125.80

Fiscal year 2002 (A)

Company owned offices	\$120.89	\$122.50	\$124.08	\$122.27
Franchised offices	105.99	106.40	106.26	106.23
	\$115.01	\$116.20	\$116.89	\$115.93

Percent change

Company owned offices	7.3%	9.7%	7.3%	8.3%
Franchised offices	9.5%	8.9%	8.9%	9.1%
Total	8.0%	9.3%	7.9%	8.5%

Average fee per tax return (F)

Fiscal year 2003

Company owned offices	\$106.94	\$118.98	\$124.95	\$115.70
Franchised offices	97.30	103.24	109.25	102.21
	\$103.09	\$112.76	\$118.63	\$110.33

Fiscal year 2002 (A)

Company owned offices	\$97.48	\$106.34	\$115.12	\$105.08
Franchised offices	87.03	93.16	98.85	92.27
	\$93.43	\$101.24	\$108.62	\$100.09

Percent change

Company owned offices	9.7%	11.9%	8.5%	10.1%
Franchised offices	11.8%	10.8%	10.5%	10.8%
Total	10.4%	11.4%	9.2%	10.2%

Refund anticipation loans (E)

Fiscal year 2003

Company owned offices	1,146	1,148	223	2,517
Franchised offices	784	742	133	1,659
E-commerce (B)	19	29	9	57
	1,949	1,919	365	4,233

Fiscal year 2002 (A)

Company owned offices	1,092	1,193	258	2,543
Franchised offices	709	753	151	1,613
E-commerce (B)	8	16	6	30
	1,809	1,962	415	4,186

Percent change

Company owned offices	5.0%	-3.8%	-13.6%	-1.0%
Franchised offices	10.6%	-1.5%	-11.9%	2.9%
E-commerce (B)	137.5%	81.3%	50.0%	90.0%
Total	7.7%	-2.2%	-12.1%	1.1%

Offices	FY 2003	FY 2002	% Change
Company owned offices	5,279	5,017	5.2%
Franchised offices	4,022	3,998	0.6%
	9,301	9,015	3.2%

- (A) Prior year numbers have been reclassified between company-owned and franchise offices for franchise offices acquired during the year.
- (B) Includes on-line completed and paid returns and e-filings for software clients. Excludes returns completed for no fee.
- (C) Includes Federal only. State returns also electronically filed are not included in this total.
- (D) Clients served are based on payment date. Returns filed electronically are based on IRS acceptance date. As such, percent filed electronically may exceed 100% in an interim period.
- (E) Prior year numbers have been restated to include only refund anticipation loans processed and funded.
- (F) Includes tax preparation fees only.

Source H&R Block Inc.

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