H&R Block Reports Second Quarter Results

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Fiscal 2003 Earnings Guidance at $2.90 - $3.10 Per Share

KANSAS CITY, Mo., Nov. 26 /PRNewswire-FirstCall/ -- H&R Block Inc. (NYSE: HRB) today reported a net loss of $37.3 million, or 21 cents per basic and diluted share, for the second quarter ended Oct. 31. Revenues for the quarter increased 26.1 percent to $471.4 million. The company typically reports a loss in its second quarter due to the seasonal nature of its tax service businesses.

Excluding the effect of two previously announced non-recurring charges, the company's net loss was $8.7 million, or 5 cents per basic and diluted share. In the same quarter last year, H&R Block reported a net loss of $28 million, or 15 cents per basic and diluted share.

The two non-recurring charges include an after-tax charge of $25 million, or 14 cents per share, relating to the pending settlement of a Texas class action lawsuit related to refund anticipation loans, and a charge of $6 million, or 2 cents per share, related to goodwill impairment in the company's investment services segment.

The company updated its earnings guidance for the fiscal year, based on the expectation of a solid tax filing season, continued strength of its mortgage operations, a previously announced third quarter gain from the sale of mortgage residual assets and cost controls across its businesses. "We expect that GAAP earnings per share for fiscal 2003 will be in the range of $2.90 to $3.10," Chairman and Chief Executive Officer Mark A. Ernst said. "We expect revenue growth to be within our target range of 10 to 15 percent."

The new guidance expects results that represent growth of 26 to 34 percent in earnings from fiscal 2002, when H&R Block earned $2.31 per diluted share.

These expected results include a 23 cent net gain from a previously announced sale of mortgage assets, less a 14 cent charge for the Texas litigation settlement and a 13 cent goodwill impairment charge to the investment services unit. Excluding the impact of these gains and charges, the company expects cash earnings from operations to be in a range of $3.16 to $3.36 per share. The Company defines cash earnings as net earnings or losses from operations excluding the after-tax effect of amortization expense of acquired intangible assets.

For the six months ended Oct. 31, H&R Block reported $902.8 million in revenues, a 28.4 percent increase. The company reported a net loss in the six month period of $46.9 million, or 26 cents per basic and diluted share, a 20.2 percent improvement compared with last year's six month loss of $58.8 million, or 32 cents per basic and diluted share. Non-recurring charges during the six- month period ended Oct. 31 totaled $39.4 million after-tax or 22 cents per basic and diluted share compared to no such charges in the previous year.

"Our second quarter improvement was driven by our mortgage operation, which continues to deliver very strong performance. Our retail business serving H&R Block clients paced our growth this quarter, while Option One continued its success," Ernst said.

Excluding the two non-recurring charges, cash earnings improved $22.1 million to $3.6 million, or 2-cents per share, compared to a loss of $18.5 million, or 10-cents per share in last year's second quarter. As noted earlier, the company defines cash earnings as net income or losses from operations excluding the after-tax effect of amortization expense of acquired intangible assets.

"The tax businesses have made significant progress in preparing for tax season. We are continuing to focus on delivering relevant tax and financial advice to all of our clients this year. Tax changes such as the newly introduced Savers Credit offer tax breaks to middle Americans that allow them to turn current tax dollars into retirement savings. We are uniquely positioned to deliver those tax benefits to our clients," Ernst said.

"After studying the opportunities for growth in the U.S. retail tax business, we have decided to expand the overall size of our office network, which we haven't done in the past several years. We plan to increase the number of company owned retail tax offices by slightly more than 200 offices this year, an increase of about 4 percent. Our expansion plans specifically target areas serving consumers in our target segments. We expect that these new offices will perform at a break-even basis during the 2003 fiscal year," he said.

U.S. Tax Operations

U.S. tax operations reported an increase in revenues for the quarter of $5.9 million, or 21.3 percent, to $33.4 million compared to the year-ago quarter. The increase was driven primarily by an increase in off-season tax returns, and related preparation fees and recognition of revenues related to the company's Peace of Mind service. Revenues from the company's tax preparation school increased 9 percent on the strength of an 8.7 percent increase in enrollment over last year. The increased enrollment is providing a solid base for recruiting seasonal tax professionals.

The pretax loss for the segment increased $48.1 million to $152.3 million compared with $104.2 million last year. Total expenses were $185.7 million, up $54.0 million, or 40.9%, compared to the prior year. The increase in expenses this quarter is primarily attributable to the Texas litigation settlement charge of $41.7 million. The net increases in operating expenses for the quarter totaled $12.3 million and were driven primarily by increases in labor and related expenses, occupancy costs and legal expenses along with $2 million of expenses that were accelerated from the second half of the fiscal year. While expenses for the second quarter were higher than last year, spending was within planned levels, and, as is typically the case in the second quarter, represents preparations for the upcoming tax season.

"We are making investments in the future growth and profitability of the U.S. tax business. As we do so, we remain confident that we will meet our targeted improvement in operating margin for the full year, excluding the impact of the previously announced settlement," Ernst said.

International Tax Operations

In the second quarter, international tax operations revenues increased $1.7 million, or 12.1 percent, to $15.3 compared to last year. A pretax loss of $250,000 represents an improvement of $741,000 over last year's second quarter. The improved performance is primarily due to results from tax season in Australia due to good expense management, a 5.4 percent increase in tax returns prepared and a favorable currency translation.

Mortgage Operations

Mortgage operations, which include Option One Mortgage Corp. and H&R Block Mortgage Corp., reported pretax earnings of $153.5 million, up $60.3 million or 64.7 percent over last year. Revenues from mortgage operations increased 51.9 percent to $274.6 million, up $ 93.8 million from last year. The improvement is due to an increase in realized gains on previous write-ups of residual interests and an increase in loan volumes. During the quarter, the company originated $3.9 billion in mortgage loans, a 46.7 percent increase over last year's $2.6 billion.

The company received 83.8 percent of its gain on sale in cash during the quarter. The execution price representing the net gain-on-sale for mortgage production was 4.78 percent compared to 4.14 percent in the previous quarter and 5.08 percent in last year's second quarter. The decline in net gain compared to the previous year was driven primarily by lower average interest rates charged to borrowers, which has the effect of reducing the premium received in the capital markets. Although the decline has the effect of narrowing margin spreads, this decline was anticipated and it is well within the company's expectations.

"The mortgage business' residual interests continued to outperform expectations, primarily due to lower than expected loan losses and continued low interest rates. As a result, the company recorded net pretax write-ups to residual interests that totaled $38.3 million during the quarter," Ernst said.

Servicing revenues increased $7.8 million, or 23.1 percent, to $41.3 million, compared to last year's second quarter. The servicing portfolio at Oct. 31 increased $5.8 billion, or 28 percent, to $26.7 billion.

Total expenses increased $33.4 million, or 38.2 percent for the quarter, due primarily to increased personnel costs to support the higher loan production volumes. Consulting expenses increased $3.3 million related to new initiatives.

Investment Services

Investment Services revenues declined $14.8 million, or 22.8 percent, to $50 million compared to last year's second quarter. The segment reported a pretax loss of $27.9 million in the quarter compared with the loss of $9.1 million last year.

Margin interest income declined 47.4 percent, down to $9.8 million. Commission income declined $5.7 million, or 22.1 percent, to $20.2 million. Total client trades were 292,880 a decline of 22.3 percent from the previous year's second quarter.

As announced previously, the company also took a charge related to the completion of the second step of the goodwill impairment test of H&R Block Financial Advisors Inc., in accordance with Statement of Financial Accounting Standards (SFAS) No. 142. In the second quarter, the company took a charge of $6 million. This charge is in addition to a first quarter charge of $18 million.

As outlined in its first quarter press release and analyst call, the company elected to test the fair value of the goodwill in its investment services segment as of July 31, 2002, due to the unsettled market conditions in the industry. The first step of the test, performed by an independent valuation firm, was completed in the first quarter. That test indicated that the carrying value of the investment services segment exceeded its market value by $18 million. The second step of the test was completed in the company's second quarter, resulting in the additional charge.

Business Services

Business services, which primarily includes RSM McGladrey, reported that revenues rose 11.9 percent over last year to $97.9 million, primarily as a result of the increase in revenues associated with the company's expansion into valuation, corporate finance and payroll processing. This was partially offset by declining revenues in consulting services for manufacturing clients, reflecting their cautious business climate.

The pretax loss was $3.8 million compared with last year's earnings of $2.6 million. The increased operating loss was due to planned start-up losses related to corporate finance and payroll services, partially offset by increased earnings from tax and accounting services. The increase in tax and accounting earnings is largely attributable to operating efficiencies realized through improved productivity and decreased operating costs.

Other

The Board of Directors of H&R Block today declared a quarterly dividend of 18 cents per share payable Jan. 2, 2003, to shareholders of record Dec. 12, 2002.

Also during the second quarter, the company repurchased 5.7 million shares of its common stock for $276 million. In the six-month period ended Oct. 31, H&R Block has purchased a total of 6.5 million shares at an average cost of $48.07 per share.

A conference call to brief analysts and investors on the company's results will be conducted live today at 5 p.m. EST (4 p.m. Central) and may be accessed at www.hrblock.com . A replay of the call will be available beginning at 8 p.m. EST Nov. 26 and continuing until 8 p.m. EST. Dec. 3, by dialing 800-642-1687 (U.S./Canada) or 706-645-9291 (International). The replay access code is 6224636. A replay of the webcast will also be available on the company's Web site at www.hrblock.com through Dec. 3.

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, earnings per share and margin goals for fiscal year 2003 and that actual financial results for fiscal year 2003 will fall within the guidance provided by the company; the uncertainty that mortgage residuals will continue to outperform expectations; changes in economic, political or regulatory environments; changes in competition and the effects of such changes; 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, http://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. 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.
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited, amounts in thousands, except per share data

	Three months ended October 31,		
	2002	2001	2000
Revenues	$471,396	$373,896	$338,308
Loss before income tax benefit	(62,245)	(47,077)	(86,356)
Net loss	$(37,347)	$(28,011)	$(49,655)
Basic and diluted net loss per share	$(0.21)	$(0.15)	$(0.27)
Basic and diluted shares outstanding	178,880	182,288	182,806

	Six months ended October 31,		
	2002	2001	2000
Revenues	$902,762	$702,877	$649,317
Loss before income tax benefit	(78,151)	(98,815)	(176,349)
Net loss	$(46,891)	$(58,795)	$(101,401)
Basic and diluted net loss per share	$(0.26)	$(0.32)	$(0.55)
Basic and diluted shares outstanding	180,045	183,073	184,664

Notes to Consolidated Statements of Operations

Basic net loss 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.

Subsequent to October 31, 2002, the Company reached an agreement with the plaintiff class in a Texas class action lawsuit related to refund anticipation loans. The settlement provides a five-year package of coupons that class members can use to obtain a variety of tax preparation and tax planning services from H&R Block. As a result, the Company recorded a pretax expense of $41.7 million for the three months ended October 31, 2002.

Results for the three and six months ended October 31, 2001 and 2000 have been adjusted to reflect the implementation of Emerging Issues Task Force Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer (Including a Reseller of the Vendor's Products)." The effect of this change was to reduce revenues and expenses by $501,000 and $105,000 for the three months ended October 31, 2001 and 2000, respectively, and by $1.0 million and $233,000 for the six months ended October 31, 2001 and 2000, respectively. There was no impact on net earnings.

Results for the three and six months ended October 31, 2001 and 2000 have been adjusted to reflect the implementation of Emerging Issues Task Force Issue No. 01-14, "Income Statement Characterization of Reimbursements Received for 'Out-of-Pocket' Expenses Incurred." The effect of this change was to decrease revenues and expenses by $4.3 million for the three months ended October 31, 2001 and to increase revenues and expenses by $939,000 for the three months ended October 31, 2000. Revenues and expenses were increased by $1.0 million and $8.0 million for the six months ended October 31, 2001 and 2000, respectively. There was no impact on net earnings.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations," and No. 142, "Goodwill and Other Intangible Assets" (SFAS 141 & 142). SFAS 141 addresses financial accounting and reporting for business combinations and replaces APB Opinion No. 16, "Business Combinations" (APB 16). SFAS 141 no longer allows the pooling of interests method of accounting for acquisitions, provides new recognition criteria for intangible assets and carries forward without reconsideration the guidance in APB 16 related to the application of the purchase method of accounting. SFAS 142 addresses financial accounting and reporting for acquired goodwill and other intangible assets and replaces APB Opinion No. 17, "Intangible Assets." SFAS 142 addresses how intangible assets should be accounted for upon their acquisition and after they have been initially recognized in the financial statements. The Company adopted both SFAS 141 & 142 on May 1, 2001. The implementation of these standards had the effect of reducing amortization expense of acquired intangible assets.

In accordance with SFAS 142, the Company performed step one of the goodwill impairment test as of July 31, 2002 for the Investment Services segment. As this valuation indicated a potential impairment, step two of the impairment test was performed in the second quarter. Management recorded an estimated impairment charge of $18.0 million in the first quarter of fiscal 2003. Step two of the impairment test was completed in the second quarter and an additional $6.0 million impairment was recorded. The total goodwill impairment of $24.0 million is included as a separate line item in the consolidated statements of operations for the six months ended October 31, 2002 and is included in the Investment Services segment where applicable.

During the six months ended October 31, 2002, 2001 and 2000, the Company issued shares of its common stock pursuant to provisions for exercise of the Company's stock option plans as follows: 2002 - 3,571,667 shares; 2001 - 7,288,701 shares; 2000 -119,338 shares. During the same periods, the Company reacquired shares of its common stock as follows: 2002 - 6,523,780 shares at an aggregate cost of $313,603,000; 2001 - 9,688,400 shares at an aggregate cost of $351,845,000; 2000 - 13,628,400 shares at an aggregate cost of $222,816,000.

H&R BLOCK, INC.

SELECTED OPERATIONAL INFORMATION

Unaudited, amounts in thousands

	Three months ended October 31,			
	Revenues		Earnings (loss)	
	2002	2001	2002	2001
U.S. Tax Operations	$33,429	$27,548	$(152,299)	$(104,225)
International Tax Operations	15,326	13,676	(250)	(991)
Mortgage Operations	274,588	180,821	153,520	93,191
Investment Services	50,027	64,827	(27,936)	(9,135)
Business Services	97,883	87,446	(3,785)	2,554
Corporate Operations	143	(422)	(18,606)	(9,818)
Interest expense on acquisition debt	-	-	(18,203)	(19,360)
	$471,396	$373,896	(67,559)	(47,784)
Investment income, net			533	1,093
Intercompany interest*			4,781	(386)
			(62,245)	(47,077)
Income tax benefit			(24,898)	(19,066)
Net loss			$(37,347)	$(28,011)

	Six months ended October 31,			
	Revenues		Earnings (loss)	
	2002	2001	2002	2001
U.S. Tax Operations	$56,715	$47,041	$(246,329)	$(185,393)
International Tax Operations	19,609	18,473	(6,701)	(6,644)
Mortgage Operations	524,894	329,146	300,605	159,970
Investment Services	108,690	133,752	(60,733)	(15,233)
Business Services	193,197	172,805	(8,058)	383
Corporate Operations	(343)	1,660	(29,435)	(15,257)
Interest expense on				

acquisition debt	-	-	(36,976)	(40,758)
	$902,762	$702,877	(87,627)	(102,932)
Investment income, net			1,617	2,211
Intercompany interest*			7,859	1,906
			(78,151)	(98,815)
Income tax benefit			(31,260)	(40,020)
Net loss			$(46,891)	$(58,795)

- Intercompany interest represents net interest expense charged to financial related businesses for corporate cash that was borrowed to fund their operating activities.

H&R Block, Inc.

Consolidated Balance Sheets

Unaudited, amounts in thousands, except share data

	October 31, 2002	2001
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$260,915	$588,761
Cash and cash equivalents -- restricted	409,107	10,241
Marketable securities -- available-for-sale	-	1,000
Marketable securities -- trading	21,713	36,591
Receivables from customers, brokers, dealers and clearing organizations, less allowance of $1,765 and $1,724	542,960	925,219
Receivables, less allowance of $65,507 and $48,875	381,996	323,251
Prepaid expenses and other current assets	363,088	415,414
Total current assets	1,979,779	2,300,477
OTHER ASSETS:		
Investments in available-for-sale marketable securities	15,474	16,054
Residual interests in securitizations	386,756	284,673
Intangible assets, net	359,762	393,167
Goodwill, net	721,956	680,567
Property and equipment, at cost less accumulated depreciation and amortization	293,172	276,007
Other	222,125	248,686
	$3,979,024	$4,199,631
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable	$481,613	$881,697
Accounts payable to customers, brokers and dealers	846,557	857,349
Accounts payable, accrued expenses and deposits	351,869	299,522
Accrued salaries, wages and payroll taxes	127,264	109,977
Accrued income taxes	78,729	144,561
Current portion of long-term debt	52,823	50,750
Total current liabilities	1,938,855	2,343,856
LONG-TERM DEBT	829,603	849,283
OTHER NONCURRENT LIABILITIES	108,609	92,740
STOCKHOLDERS' EQUITY:		
Common stock, no par, stated value $.01 per share	2,179	2,179

Additional paid-in capital	493,101	458,019
Accumulated other comprehensive income (loss)	79,099	(20,890)
Retained earnings	1,659,337	1,332,933
Less cost of 39,698,837 and 36,680,380 shares of common stock in treasury	(1,131,759)	(858,489)
Total stockholders' equity	1,101,957	913,752
	$3,979,024	$4,199,631

H&R Block, Inc.

Consolidated Statements of Cash Flows

Unaudited, amounts in thousands

	Six months ended October 31, 2002	2001
Cash flows from operating activities:		
Net loss	$(46,891)	$(58,795)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	72,068	68,928
Provision for bad debt	15,015	17,099
Accretion of acquisition liabilities	4,973	6,187
Accretion of residual interests in securitizations	(92,853)	(12,954)
Adjustments to fair value of residual interests in securitizations	24,132	16,553
Tax benefit from stock option exercises	23,537	41,805
Additions to trading securities - residual interests	(136,766)	(402,212)
Proceeds from net interest margin transactions	136,013	390,002
Impairment of goodwill	24,000	-
Changes in:		
Cash and cash equivalents - restricted	(256,934)	73,956
Receivables from customers, brokers, dealers and clearing organizations	301,309	385,413
Receivables	(28,424)	35,390
Marketable securities - trading	6,657	9,567
Prepaid expenses and other current assets	32,362	(154,472)
Accounts payable to customers, brokers and dealers	(56,644)	(200,651)
Accounts payable, accrued expenses and deposits	(57,423)	(61,688)
Accrued salaries, wages and payroll taxes	(126,137)	(111,853)
Accrued income taxes	(174,093)	(151,038)
Other, net	(13,729)	(5,469)
Net cash used in operating activities	(349,828)	(114,232)
Cash flows from investing activities:		
Purchases of available-for-sale securities	(7,692)	(1,045)
Maturities of available-for-sale securities	111,831	27,498
Purchases of property and equipment, net	(57,003)	(33,724)
Payments made for business acquisitions, net of cash acquired	(21,397)	(23,468)
Other, net	(2,813)	(23,920)
Net cash provided by (used in) investing activities	22,926	(54,659)
Cash flows from financing activities:		
Repayments of notes payable	(6,430,067)	(3,916,323)
Proceeds from issuance of notes payable	6,911,680	4,798,020

Payments on acquisition debt	(47,995)	(47,179)
Dividends paid	(61,474)	(57,294)
Payments to acquire treasury shares	(313,603)	(351,845)
Proceeds from issuance of common stock	94,667	144,263
Other, net	(1,536)	394
Net cash provided by financing activities	151,672	570,036
Net increase (decrease) in cash and cash equivalents	(175,230)	401,145
Cash and cash equivalents at beginning of the period	436,145	187,616
Cash and cash equivalents at end of the period	$260,915	$588,761
Supplementary cash flow data:		
Income taxes paid	$124,844	$99,328
Interest paid	39,927	52,107

H&R Block, Inc.

Consolidated Statements of Operations

Unaudited, amounts in thousands, except per share data

	Three Months Ended October 31,		Six Months Ended October 31,	
	2002	2001	2002	2001
Revenues:				
Service revenues	$206,404	$185,496	$396,973	$353,467
Gain on sale of mortgage loans	151,377	118,186	296,385	214,420
Interest income	92,726	49,872	170,946	94,092
Product sales	15,510	10,994	30,922	21,751
Royalties	2,855	2,886	4,056	4,443
Other income	2,524	6,462	3,480	14,704
	471,396	373,896	902,762	702,877
Operating expenses:				
Employee compensation and benefits	229,295	200,687	439,483	376,716
Occupancy and equipment	71,431	61,749	136,293	121,428
Operating interest	3,508	6,585	7,154	16,068
Other interest	19,190	23,200	37,818	43,522
Depreciation and amortization	36,495	34,329	72,068	68,928
Marketing and advertising	20,818	16,590	30,004	23,061
Supplies, freight and postage	13,852	9,470	22,318	16,043
Bad debt	7,022	6,263	15,015	17,099
Impairment of goodwill	6,000	-	24,000	-
Other	126,473	63,184	198,694	121,192
	534,084	422,057	982,847	804,057
Operating loss	(62,688)	(48,161)	(80,085)	(101,180)
Other income, net	443	1,084	1,934	2,365
Loss before income tax benefit	(62,245)	(47,077)	(78,151)	(98,815)
Income tax benefit	(24,898)	(19,066)	(31,260)	(40,020)
Net loss	$(37,347)	$(28,011)	$(46,891)	$(58,795)
Basic and diluted net loss per share	$(0.21)	$(0.15)	$(0.26)	$(0.32)
Basic and diluted shares				

outstanding	178,880	182,288	180,045	183,073

H&R BLOCK, INC.

FINANCIAL SERVICES OPERATING DATA

Unaudited

H&R Block Financial Advisors, Inc.	For the three months ended 10/25/2002	10/26/2001	% Change	07/26/2002
Customer trades	292,880	377,094	-22.3%	374,250
Customer daily average trades	4,576	6,285	-27.2%	5,940
Average revenue per trade	$119.21	$103.82	32.9%	$118.92
Number of active accounts	710,495	608,594	16.7%	730,985
Average trades per active account per quarter	0.41	0.62	-33.3%	0.51
Average trades per active account per year (annualized)	1.65	2.48	-33.3%	2.05
Ending balance of assets under administration ($ bn's)	$21.4	$27.1	-20.9%	$21.3
Average assets per active account	$30,102	$44,448	-32.3%	$29,116
Ending customer margin balances ($ bn's)	$0.5	$0.9	-43.2%	$0.7
Ending payables to customers ($ bn's)	$0.8	$0.8	3.6%	$0.8

Option One Mortgage Corporation	For the three months ended 10/31/2002	10/31/2001	% Change	07/31/2002
Number of loans originated				
Wholesale	21,536	18,172	18.5%	20,774
Retail	5,843	3,352	74.3%	4,278
Total	27,379	21,524	27.2%	25,052
Volume of loans originated (000's)				
Wholesale	$3,083,895	$2,206,041	39.8%	$2,837,060
Retail	796,163	438,158	81.7%	536,329
Total	$3,880,058	$2,644,199	46.7%	$3,373,389
Loan sales	$3,821,649	$2,618,065	46.0%	$3,357,730
Servicing portfolio				
Number of loans serviced (000's)	220.8	184.8	19.5%	232.7
Servicing portfolio ($ bn's)	$26.7	$20.9	28.0%	$26.8

SOURCE H&R Block Inc.

-0- 11/26/2002

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