

Top Equity Picks Outpace NASDAQ; H&R Block Financial Advisors' Stock Selection Performance In-Line with S&P 500 Excluding One Equity

July 28, 2006 2:57 PM ET

KANSAS CITY, Mo.--(BUSINESS WIRE)--July 28, 2006--The internal research group of H&R Block Financial Advisors, known as the Investment Management Department (IMD), announced their Top Picks for 2006 have outperformed the NASDAQ index year-to-date ending the second quarter.

"Market volatility picked up steam in the second quarter, and our Top Picks results for the period reflected this challenge," commented Lyle Schonberger, Director of the Investment Management Department. "For the year-to-date period ending June 30 our results remain encouraging with our returns slightly below the S&P 500 but outperforming the more volatile NASDAQ Composite. We encourage investors to remain focused on the long-term, especially with portfolios overweighted in equities."

Digging deeper inside Q2 performance, IMD notes one name in particular was a drag on the list's quarterly performance. Specifically, Neurocrine Biosciences (NASDAQ: NBIX) declined 83.6% in the quarter versus a 1.4% decline in the S&P 500 and a 7.0% decline in the NASDAQ Composite. Excluding this one company, aggregate performance for the Top Picks list was essentially in-line with the broader market (S&P 500). The company was removed from our health care focus list on May 16.

Company	Ticker	Exch	12/31/05	6/30/06
3M Company	MMM	NYSE	77.50	80.77
Capital One Financial Corp.	COF	NYSE	86.40	85.45
Comcast Corp.	CMCSA	NASDAQ	25.92	32.74
CVS Corp.	CVS	NYSE	26.42	30.70
Dell Inc.	DELL	NASDAQ	29.95	24.46
FPL Group Inc.	FPL	NYSE	41.56	41.38
Global Santa Fe Corp.	GSF	NYSE	48.15	57.75
Intel Corp.	INTC	NASDAQ	24.96	19.00
International Speedway Corp.	ISCA	NASDAQ	47.90	46.37
Micron Technology	MU	NYSE	13.31	15.06
Neurocrine Biosciences Inc.	NBIX	NASDAQ	62.73	10.60
Pepsi Bottling Group Inc.	PBG	NYSE	28.61	32.15
Schlumberger Ltd.	SLB	NYSE	48.57	65.11
Stryker Corp.	SYK	NYSE	44.43	42.11
TEVA Pharmaceutical Indu. Ltd.	TEVA	NASDAQ	43.01	31.59
United Natural Foods Inc.	UNFI	NASDAQ	26.40	33.02
URS Corp.	URS	NYSE	37.61	42.00
Verizon Communications	VZ	NYSE	30.12	33.49
Wachovia Corp.	WB	NYSE	52.86	54.08
S&P 500 Index			1248.29	1270.20
NASDAQ Composite			2205.30	2172.09

"We still feel good about the opportunity we've outlined for our clients with these equity selections," said Schonberger. "Our team works hard to find opportunities advisors are able to bring to the table for their clients." IMD issued their Top Picks for 2006 on Nov. 9 last year to capture the most compelling investment ideas from a diverse team of research analysts.

Although the list is not an asset allocation model, the equity picks represent companies in a comprehensive set of sectors including consumer discretionary, consumer staples, energy, financial services, health care, industrials, technology, telecommunications, and utilities.

"Our list of 19 equities was compiled by our internal team of sector analysts," said Schonberger. "Based on our proprietary research and market outlook for the rest of the year, we believe these companies are still well-positioned to outperform in 2006." According to Schonberger, the stock picks are based upon rigorous analysis around the fundamental

factors of valuation, competitive position, and market conditions.

An example of the compelling picks is International Speedway Corp. because of the impressive growth of motor sports (now the second largest audience behind the NFL). Stryker Corp., a maker of orthopedic and other medical devices, is an interesting pick because it is taking advantage of long-term demographic trends that favor our aging population. Another pick of note is FPL Group Inc., a leader in harnessing wind and solar power -- alternatives to fossil fuel sources.

Schonberger indicates this list and other tools his department provides go a long way in helping clients achieve their financial objectives. "Our Top Picks list, model portfolios, and analyst research help our advisors present an arsenal of options from which they can build a financial plan together and carefully track its progress."

He indicated the unique opportunity his department presents financial advisors is not found many places in the securities industry. "Because we don't have equity investment banking ties or proprietary products, our advisors can directly call me or anyone in IMD to gain deeper insight into an investment opinion. We feel this helps ensure advisors provide appropriate and successful advice to clients."

In separate news, on June 22, HRBFA's Senior Market Strategist, Marc Zabicki upped his recommended equity allocation by 5% across the conservative, moderate, and aggressive risk spectrums. According to Zabicki, "The market may have been a little ahead of itself earlier this year but we believe the recent correction has taken equity valuations below fair value in many cases." HRBFA's year-end target for the S&P 500 Index remains 1340.

NOTE: Past performance is not a guarantee of future returns, and actual results may vary. Please be sure to review our full reports and updates for additional details and potential conflicts of interest.

About H&R Block

H&R Block Inc. (NYSE: HRB) is a leading provider of tax, financial, mortgage, 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 generated revenues of \$4.9 billion and net income of \$490 million in fiscal year 2006. In fiscal year 2007, it is operating in four principal business segments: Tax Services (income tax preparation and advice via in-office, online and software solutions); Mortgage Services (wholesale mortgage originations and loan servicing); Consumer Financial Services (investment and financial advisory services, retail mortgage loans, and banking products and services); and Business Services (tax, accounting and consulting services for midsized businesses). Headquartered in Kansas City, Mo., H&R Block markets its services and products under three leading brands - H&R Block, Option One and RSM McGladrey. For more information visit our Online Press Center at www.hrblock.com.

H&R Block Financial Advisors provides brokerage services and investment planning in the U.S. Services offered include traditional brokerage services, as well as annuities, insurance, fee-based accounts, online account access, equity research and focus lists, model portfolios, asset allocation strategies and other investment tools and information. H&R Block Financial Advisors, Inc. is a registered broker-dealer with the SEC and member of the NYSE, SIPC and NASD.

CONTACT: H&R Block
Dan Grubbs, 816-932-4894

SOURCE: H&R Block