

## **H&R Block, Attorneys General Agreement Resolves Dispute Regarding 'Peace of Mind' Tax Product Procedure**

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KANSAS CITY, Mo., Apr 24, 2003 /PRNewswire-FirstCall via COMTEX/ -- H&R Block (NYSE: HRB) today announced it has entered into an agreement with 42 states Attorneys General resolving a dispute about the process the company used in obtaining its clients' consent before charging for its "Peace of Mind" guarantee in 2001. H&R Block denies any wrongdoing, pointing to office procedures that provided all clients a voluntary choice. H&R Block entered the agreement solely for the purpose of settlement, and nothing within the agreement implies that there was any violation of law or wrongdoing by the company. In addition, the agreement does not require any changes to the company's current Peace of Mind procedures.

The agreement includes a payment of \$3.3 million: \$2.3 million to be divided among the Attorneys General, and \$1 million to establish a consumer fund. The payment to the Attorneys General may be used for any purpose provided by state law. The consumer fund will provide refunds to eligible consumers who received the Peace of Mind product during the 2001 tax season only and wish to now rescind the guarantee.

"We're confident that we have provided this product responsibly to our clients in the past and will continue to do so in the future," said James H. Ingraham, H&R Block's general counsel. "The company's training program, scripting for its tax professionals, and computerized tax program are designed to ensure that our tax professionals accurately explain the product, discuss its benefits, and state the fee.

"By entering this agreement, the company resolves the matter quickly and can focus all of our time and energy in ways that support our clients and our shareholders."

Clients who purchased Peace of Mind at an H&R Block office during 2001 and have not submitted a Peace of Mind claim for tax season 2001 are eligible to rescind their purchase. Because the consumer fund will not exceed \$1 million, refunds will be calculated on a pro-rata basis if client requests exceed the fund total. Any remaining funds will go to the Attorneys General for the purpose of creating and implementing a consumer education program.

To receive a refund, eligible clients should do one of the following: call toll-free 866-522-7083 and follow the prompts to leave all required information; go to [www.hrblock.com](http://www.hrblock.com) and complete the required form; or send a letter that includes the primary taxpayer's name, Social Security Number, complete address and home phone number to Peace of Mind Refund, PO Box 300260, Kansas City, MO 64130. Refund requests must be made within 120 days after April 24, 2003.

H&R Block's standard guarantee, included free with all tax returns, covers penalties and interest. With Peace of Mind, H&R Block pays the additional tax assessed up to \$5,000, due to an H&R Block error. In addition, H&R Block will respond to audit inquiries and accompany or represent the client (with Power of Attorney) in an audit to explain how the return was prepared.

### 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.

### SOURCE H&R Block Inc.

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