

## H&R Block Announces Full Tax Season Results

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Record 20.3 million U.S. clients served

Number of retail tax clients grows 2.2%

Aggregate retail revenues increase 8.9%

Net average retail fee rises 6.2%, excluding ESP filers

Digital clients decline 2%, but web-based clients grew significantly

Overall tax season shows strongest growth since 1999

KANSAS CITY, Mo.--(BUSINESS WIRE)--May 12, 2008--H&R Block Inc. (NYSE:HRB) today reported tax season results for the full tax season of Nov. 1, 2007 - April 17, 2008. Overall, the Company had its strongest tax season since 1999, with strong growth across the board in the number of clients served, the average fee collected and total revenues for both company-owned offices and franchise operations. Net tax preparation fees grew 8.9% year on year to nearly \$2.8 billion, reflecting growth of 9.8% in company owned offices and 7.0% in franchise operations.

"H&R Block had a great tax season this year, and we are very proud of our entire team of tax professionals and our digital tax specialists. They focused on our objectives and executed on our plans," said Richard C. Breeden, Chairman of H&R Block. "Products such as Second Look, the Emerald Card, the Emerald Advance Line and military RALs showed good traction this year. Having the lowest cost financial products of any tax preparer, and by far the largest and most experienced team of tax professionals, proved to be a winning combination. We are determined to carry the momentum of this performance into planning for the next tax season with new products and new marketing initiatives."

Excluding lending-products-only clients and Economic Stimulus Package (ESP) rebate filers, retail clients served during the tax season were up 2.2 percent compared to the prior-year period. Overall retail growth (including ESP filers but excluding lending product only customers) was up 4.1%, of which 1.9% was estimated to be ESP filers.

For the tax season to date, net average retail fees grew 4.7% overall, with 5.7% growth in company-owned offices and 2.5% in franchise operations. Without ESP filers, net average retail fees were up approximately 6.2% overall.

For the full season the total number of digital clients served declined 2%, reflecting a strong finish to the season compared with early results. For the full season, online clients served increased significantly.

Although the tax filing deadline is April 15, in 2007 the deadline fell on a Sunday and certain parts of the country observed a legal holiday on April 16. For the sake of comparability, information is presented for periods ended April 17.

ESP filers are individuals who would not otherwise be required to file an income tax return, but who are filing in 2008 in order to be eligible to receive rebate checks under the ESP program. The company offered special low fees to ESP filers, which affects calculations of average fees.

### About H&R Block

H&R Block Inc. (NYSE: HRB) is the world's preeminent tax services provider, having served more than 400 million clients since 1955 and generating annual revenues of \$4 billion in fiscal year 2007. H&R Block provides income tax return preparation and related services and products via a nationwide network of approximately 13,000 company-owned and franchised offices and through TaxCut(R) online and software solutions. The company also provides business services through RSM McGladrey and certain consumer financial services. For more information visit our Online Press Center at [www.hrblock.com](http://www.hrblock.com).

Table follows

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Preliminary U.S. Tax Operating Data

(in thousands, except average fee)

	Period				
	11/1-1/31	Feb. Total (5)	Mar. Total	4/1-4/17 (6)	YTD 4/17 (6)
Net tax preparation fees: (1)					
Fiscal year 2008					
Company-owned operations	\$ 439,757	\$ 690,811	\$ 381,634	\$ 391,850	\$1,904,052
Franchise operations	225,035	335,522	150,786	146,030	857,373
	\$ 664,792	\$1,026,333	\$ 532,420	\$ 537,880	\$2,761,425
Fiscal year 2007 (2)					
Company-owned operations	\$ 424,770	\$ 613,275	\$ 349,257	\$ 346,676	\$1,733,978
Franchise operations	218,894	298,496	144,561	139,474	801,425
	\$ 643,664	\$ 911,771	\$ 493,818	\$ 486,150	\$2,535,403
Percent change					
Company-owned operations	3.5%	12.6%	9.3%	13.0%	9.8%
Franchise operations	2.8%	12.4%	4.3%	4.7%	7.0%
Total retail operations	3.3%	12.6%	7.8%	10.6%	8.9%
Total clients served: (3)					
Fiscal year 2008					
Company-owned operations	2,430	3,958	2,170	1,954	10,512
Franchise operations	1,427	2,184	1,059	900	5,570
Lending products only	245	(157)	(3)	(2)	83
Total retail offices	4,102	5,985	3,226	2,852	16,165
Digital tax solutions	1,136	1,556	790	695	4,177
	5,238	7,541	4,016	3,547	20,342

Fiscal year					
2007 (2)					
Company-owned operations	2,512	3,701	2,006	1,894	10,113
Franchise operations	1,485	2,049	946	855	5,335
Lending products only	343	(261)	(4)	(1)	77
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Total retail offices	4,340	5,489	2,948	2,748	15,525
Digital tax solutions	1,275	1,614	710	664	4,263
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	5,615	7,103	3,658	3,412	19,788
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Percent change					
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Company-owned operations	-3.3%	6.9%	8.2%	3.2%	3.9%
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Franchise operations	-3.9%	6.6%	11.9%	5.3%	4.4%
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Retail operations excluding lending products only	-3.5%	6.8%	9.4%	3.8%	4.1%
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Total retail operations	-5.5%	9.0%	9.4%	3.8%	4.1%
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Digital tax solutions	-10.9%	-3.6%	11.3%	4.7%	-2.0%
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Total	-6.7%	6.2%	9.8%	3.9%	2.8%

Net average fee  
- retail: (4)

Fiscal year					
2008					
Company-owned operations	\$ 181.19	\$ 175.02	\$ 176.78	\$ 201.67	\$ 181.76
Franchise operations	157.91	154.12	143.30	163.15	154.50
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	\$ 172.58	\$ 167.59	\$ 165.81	\$ 189.52	\$ 172.32
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Fiscal year					
2007 (2)					
Company-owned operations	\$ 169.47	\$ 165.86	\$ 174.82	\$ 184.03	\$ 171.93
Franchise operations	147.42	146.08	153.54	164.29	150.68
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	\$ 161.27	\$ 158.82	\$ 168.00	\$ 177.89	\$ 164.59
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Percent change					
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Company-owned operations	6.9%	5.5%	1.1%	9.6%	5.7%

Franchise operations	7.1%	5.5%	-6.7%	-0.7%	2.5%
Total retail operations	7.0%	5.5%	-1.3%	6.5%	4.7%

- (1)Gross tax preparation fees less coupons and discounts.
- (2)Prior year numbers have not been reclassified between company-owned and franchise offices for offices which commenced company-owned operations during fiscal year 2008. Prior year numbers have been reclassified between company-owned offices and Digital tax solutions for certain products.
- (3)Tax preparation clients for which revenue was earned and Emerald Advance (EA) or Instant Money Advance Loan (IMAL) clients.
- (4)Calculated as net tax preparation fees divided by retail tax preparation clients served.
- (5)Results are through 2/29/08 and 2/28/07 due to leap year. The additional day represented approximately 73,000 company and 48,000 franchise clients served as of 2/29/08.
- (6)Information presented for 2008 and 2007 is through April 17. April 15, 2007 fell on a Sunday, certain parts of the country observed a legal holiday on April 16, 2007, and residents of the Northeast were given a filing extension to April 26, 2007.

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