

H&R Block to Sell Financial Advisors Business to Ameriprise

August 12, 2008 4:34 PM ET

KANSAS CITY, Mo., Aug 12, 2008 (BUSINESS WIRE) -- H&R Block (NYSE: HRB) announced today it has signed a definitive agreement to sell H&R Block Financial Advisors (HRBFA) to Ameriprise Financial, Inc. The transaction is subject to customary regulatory approvals, and is expected to close in four to six months.

The purchase price is \$315 million in cash, and is subject to various adjustments at closing based on changes in the balance sheet and advisor retention. Current book value for HRBFA is slightly less than \$300 million. Depending on final adjustments, the transaction is not expected to result in a material gain or loss, although it will generate cash proceeds (including repayment of inter-company liabilities) of approximately \$340 million. The transaction will also monetize approximately \$175 million of goodwill currently on H&R Block's books.

"The securities brokerage business increasingly demands size and scale, and HRBFA simply did not have the size to be able to compete at the highest levels in the future. This transaction will give the HRBFA financial advisors a dynamic parent company with a growing platform so that they can compete effectively and efficiently. At the same time, the transaction will benefit Block shareholders, as we reduce risk in a noncore area and enhance our returns on capital. When this transaction closes, we will have completed the strategic realignment that we promised shareholders, and our efforts will be tightly focused on our tax services business that serves more than 23 million clients," said Richard C. Breeden, Chairman of H&R Block.

H&R Block acquired what is now HRBFA in 1999. HRBFA today employs nearly 1,500 associates nationwide, including more than 900 advisors in 135 office locations across the country and support staffs in Kansas City (100) and Detroit (275). HRBFA has 376,000 client accounts and \$30 billion of assets under management.

"Today's announcement is very positive for HRBFA, which will move forward as part of a highly rated and well-respected organization. Our advisors will benefit from increased breadth of product offerings, Ameriprise Financial's scale and the strong advisor support and technology that they offer," said Joan Cohen, president of HRBFA.

Lazard acted as financial advisor and Sullivan & Cromwell LLP acted as legal advisor for H&R Block. Bank of America Securities acted as financial advisor and Wachtell, Lipton, Rosen & Katz acted as legal advisor for Ameriprise Financial.

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 \$4.4 billion in fiscal year 2008. 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.

SOURCE: H&R Block

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