

## H&R Block Reports Interim Tax Season Data; Company Reaffirms Full Year Earnings Guidance

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KANSAS CITY, Mo.--(BUSINESS WIRE)--April 1, 2004--H&R Block Inc. (NYSE:HRB) said tax preparation and related fees increased 5.6 percent to \$1.6 billion in the current tax season through March 15. The total number of clients served increased 0.4 percent, including a 2.4 percent decline in retail office clients and a 15.2 percent increase in digital tax solutions clients.

Based on projected results through the end of the tax season, the company reaffirmed that it expects full year earnings per share to be in the range of \$3.65 to \$3.85.

The average fee per retail office client was \$136.08, an increase of 8.2 percent.

"We continue to see weakness in the number of clients in our retail offices and now expect that retail office clients served will likely decline for the year. However, we remain on plan for revenue growth per retail client, which we expect will increase in the range of 6 to 8 percent. In addition, we continue to be pleased with the performance of our digital tax services business," said Chairman and Chief Executive Officer Mark A. Ernst.

H&R Block plans to release more business results for its U.S. tax operations before market opening on April 16 and April 30.

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 uncertainty that the company will achieve or exceed its revenue, earnings, and earnings per share growth goals or expectations for fiscal year 2004 and that actual financial results for fiscal year 2004 will fall within the guidance provided by the company; the uncertainty of the company's ability to purchase shares of its common stock; the uncertainty of the effect of any share repurchases upon the company and its shareholders; the uncertainty as to the effect on financial results of the adoption of accounting pronouncements; changes in interest rates; changes in economic, political or regulatory environments; the uncertainty of assumptions utilized to estimate cash flows from residual interests in mortgage securitizations and mortgage servicing rights; risks associated with sources of liquidity for each of the lines of business of the company; changes in competition; 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://www.hrblock.com)) is a diversified company with subsidiaries that deliver tax, financial, mortgage and business products and services. It is the only major company with subsidiaries offering a full range of software, online and in-office tax solutions, combined with personalized financial advice about retirement savings, home ownership, and other opportunities to help clients build a better financial future. As the world's largest tax services company, H&R Block served nearly 21 million clients in the U.S. and 11 countries in 2003. H&R Block Financial Advisors Inc. offers investment services and securities products. With more than 1,000 financial advisors serving clients at more than 400 offices, H&R Block Financial Advisors Inc. is a member NYSE, SIPC, a registered broker-dealer and a registered investment advisor. H&R Block Inc. is not a registered broker-dealer and is not a registered investment advisor. H&R Block Mortgage Corp. offers a full range of retail mortgage products. Option One Mortgage Corp. provides mortgage services and offers wholesale mortgage products through large financial institutions and a network of 24,000 independent mortgage brokers. RSM McGladrey Business Services Inc. and its subsidiaries serve mid-sized businesses and their owners with tax, accounting and business consulting services, as well as personal wealth management services.

H&R Block, Inc.  
Preliminary U.S. Tax Operating Data  
Amounts in thousands, except average fee and number of offices

	Period				
	1/1-1/31	2/1-2/15	2/16-2/29	3/1-3/15	YTD 3/15
Tax preparation & related fees (1)					

Fiscal year 2004					
Company-owned offices (2)	\$309,034	\$364,345	\$180,131	\$142,323	\$995,833
Former major franchise territories (3)	21,889	27,146	11,846	12,661	73,542
Total company-owned offices	330,923	391,491	191,977	154,984	1,069,375
Franchise offices (4)	169,338	182,173	86,199	64,612	502,322
	\$500,261	\$573,664	\$278,176	\$219,596	\$1,571,697
Fiscal year 2003					
(5)					
Company-owned offices (2)	\$288,175	\$365,196	\$151,759	\$141,083	\$946,213
Former major franchise territories (3)	18,714	28,246	11,742	11,206	69,908
Total company-owned offices	306,889	393,442	163,501	152,289	1,016,121
Franchise offices (4)	153,725	180,043	76,308	62,102	472,178
	\$460,614	\$573,485	\$239,809	\$214,391	\$1,488,299
Percent change					
Company-owned offices	7.2%	-0.2%	18.7%	0.9%	5.2%
Former major franchise territories	17.0%	-3.9%	0.9%	13.0%	5.2%
Total company-owned offices	7.8%	-0.5%	17.4%	1.8%	5.2%
Franchise offices	10.2%	1.2%	13.0%	4.0%	6.4%
Total retail offices	8.6%	0.0%	16.0%	2.4%	5.6%
Total clients served					
Fiscal year 2004					
Company-owned offices (2)	2,191	2,553	1,263	976	6,983
Former major franchise territories (3)	168	208	89	94	559
Total company-owned offices	2,359	2,761	1,352	1,070	7,542
Franchise offices (4)	1,347	1,460	692	509	4,008
Digital tax solutions (6)	1,268	737	337	234	2,576
	4,974	4,958	2,381	1,813	14,126
Fiscal year 2003(5)					
Company-owned offices (2)	2,228	2,734	1,153	1,038	7,153
Former major franchise territories (3)	157	233	98	93	581
Total company-owned offices	2,385	2,967	1,251	1,131	7,734
Franchise offices (4)	1,330	1,565	663	541	4,099
Digital tax solutions (6)	1,042	634	333	227	2,236
	4,757	5,166	2,247	1,899	14,069
Percent change					
Company-owned offices	-1.7%	-6.6%	9.5%	-6.0%	-2.4%
Former major franchise territories	7.0%	-10.7%	-9.2%	1.1%	-3.8%
Total company-					

owned offices	-1.1%	-6.9%	8.1%	-5.4%	-2.5%
Franchise offices	1.3%	-6.7%	4.4%	-5.9%	-2.2%
Total retail offices	-0.2%	-6.9%	6.8%	-5.6%	-2.4%
Digital tax solutions	21.7%	16.3%	1.2%	3.1%	15.2%
Total	4.6%	-4.0%	6.0%	-4.5%	0.4%

Average fee per client served (7)

Fiscal year 2004

Company-owned offices (2)	\$141.05	\$142.71	\$142.62	\$145.82	\$142.61
Former major franchise territories (3)	130.29	130.51	133.10	134.69	131.56
Total company-owned offices	140.28	141.79	141.99	144.84	141.79
Franchise offices (4)	125.71	124.78	124.57	126.94	125.33
	\$134.99	\$135.91	\$136.09	\$139.07	\$136.08

Fiscal year 2003(5)

Company-owned offices (2)	\$129.34	\$133.58	\$131.62	\$135.92	\$132.28
Former major franchise territories (3)	119.20	121.23	119.82	120.49	120.32
Total company-owned offices	128.67	132.61	130.70	134.65	131.38
Franchise offices (4)	115.58	115.04	115.10	114.79	115.19
	\$123.99	\$126.54	\$125.29	\$128.22	\$125.78

Percent change

Company-owned offices	9.1%	6.8%	8.4%	7.3%	7.8%
Former major franchise territories	9.3%	7.7%	11.1%	11.8%	9.3%
Total company-owned offices	9.0%	6.9%	8.6%	7.6%	7.9%
Franchise offices	8.8%	8.5%	8.2%	10.6%	8.8%
Total retail offices	8.9%	7.4%	8.6%	8.5%	8.2%

Refund anticipation loans

Fiscal year 2004

Company-owned offices (2)	1,112	1,042	206	93	2,453
Former major franchise territories (3)	81	77	16	7	181
Total company-owned offices	1,193	1,119	222	100	2,634
Franchise offices (4)	713	610	109	46	1,478
Digital tax solutions (6)	20	25	7	4	56
	1,926	1,754	338	150	4,168

Fiscal year 2003(5)

Company-owned offices (2)	1,146	1,148	211	121	2,626
Former major franchise territories (3)	81	74	16	8	179

Total company-owned offices	1,227	1,222	227	129	2,805
Franchise offices (4)	703	653	122	58	1,536
Digital tax solutions (6)	19	29	9	6	63
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	1,949	1,904	358	193	4,404
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Percent change					
Company-owned offices	-3.0%	-9.2%	-2.4%	-23.1%	-6.6%
Former major franchise territories	0.0%	4.1%	0.0%	-12.5%	1.1%
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Total company-owned offices	-2.8%	-8.4%	-2.2%	-22.5%	-6.1%
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Franchise offices	1.4%	-6.6%	-10.7%	-20.7%	-3.8%
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Total retail offices	-1.2%	-7.8%	-5.2%	-21.9%	-5.3%
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Digital tax solutions	5.3%	-13.8%	-22.2%	-33.3%	-11.1%
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Total	-1.2%	-7.9%	-5.6%	-22.3%	-5.4%
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Offices	FY 2004	FY 2003
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Company-owned offices (2)	4,746	4,672
Former major franchise territories (3)	459	--
Company-owned shared office locations (8)	947	607
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Total company-owned offices	6,152	5,279
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Franchise offices (4)	3,374	3,398
Former major franchise territories (3)	--	529
Franchise shared office locations (8)	325	95
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Total franchise offices	3,699	4,022
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	9,851	9,301
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- (1) Includes fees received for tax return preparation services and system administration fees.
- (2) Excludes company-owned offices in former major franchise territories which commenced operations during fiscal year 2004.
- (3) Impact of company-owned offices in former major franchise territories which commenced operations during fiscal year 2004.
- (4) Represents remaining major franchise territories and other franchises.
- (5) Prior year numbers have been reclassified between company-owned and franchise offices for offices in former franchise territories which commenced company-owned operations during fiscal year 2004.
- (6) Includes on-line completed and paid returns and federal software units sold.
- (7) Calculated as tax preparation and related fees divided by clients served.
- (8) Shared locations include offices located within Wal-Mart, Sears and other third-party businesses.

CONTACT:  
H&R Block Inc.  
Media Relations:  
Bob Schneider, 816-932-4835

bschneider@hrblock.com

or

Investor Relations:

Mark Barnett, 816-701-4443

marbarnett@hrblock.com