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NEWS RELEASE



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**ATTORNEYS GENERAL REACH ACCORD
WITH H&R BLOCK SERVICES**

Tax preparation firm agrees to reimburse consumers for "Peace of Mind" guarantee

(Juneau) -- H&R Block Services, Inc., has agreed to establish a reimbursement fund as part of a settlement with the attorneys general of Alaska and 41 other states, Attorney General Gregg Renkes announced today.

The fund of \$1 million will reimburse consumers who paid for a service called the "Peace of Mind" guarantee but who may not have wanted to purchase the optional service. Through this service, the company guaranteed payment of up to \$5,000 of any additional income tax owed as a result of the tax preparer's error.

"This settlement will provide restitution to customers who were charged for the Peace of Mind guarantee but who believe they were not adequately informed that the service was optional," said Renkes. "The agreement will also prevent this problem from arising in the future."

The attorneys general said during the 2001 tax season H&R Block added a fee of \$22 for the guarantee to all consumer's invoices without first obtaining the consumer's acceptance. Block denies that it violated any consumer protection statute and maintains that it did not deprive its customers of the choice.

To be eligible for a refund, consumers must have used H&R Block to prepare their tax return in the 2001 tax season, must have been charged for the guarantee but never used it, and must believe they were not informed that the guarantee was an optional service. Consumers must apply for a refund with by August 22, 2003.

Eligible consumers must make a request either by phone to a toll free number (866-522-7083), or by the website that H&R Block is creating for customer refund requests (http://www.hrblock.com/customer_support/pom.jsp).

In addition to reimbursing consumers, the settlement also requires H&R Block to seek a consumer's affirmative agreement before charging for the guarantee in the future. The company also may not recommend that a consumer purchase the guarantee until the consumer has been provided the material terms and conditions of the guarantee.

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