UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

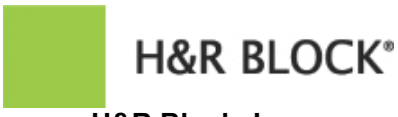
(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2013

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____

Commission file number 1-6089



H&R Block, Inc.
(Exact name of registrant as specified in its charter)

MISSOURI	**44-0607856**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One H&R Block Way
Kansas City, Missouri 64105
(Address of principal executive offices, including zip code)
(816) 854-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __√__ No _____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes __√__ No _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
__√__			
		(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No __√__

The number of shares outstanding of the registrant's Common Stock, without par value, at the close of business on February 28, 2013 was 272,319,178 shares.

Form 10-Q for the Period Ended January 31, 2013

Table of Contents

H&R BLOCK®

CONSOLIDATED BALANCE SHEETS

(amounts in 000s, except share and per share amounts)

As of	January 31, 2013 (Unaudited)	April 30, 2012
ASSETS		
Cash and cash equivalents	$ 418,385	$1,944,334
Cash and cash equivalents – restricted	37,958	48,100
Receivables, less allowance for doubtful accounts of $44,829 and $44,589	949,160	193,858
Prepaid expenses and other current assets	331,046	314,702
Total current assets	1,736,549	2,500,994
Mortgage loans held for investment, less allowance for loan losses of $17,256 and $26,540	357,887	406,201
Investments in available-for-sale securities	396,312	371,315
Property and equipment, at cost, less accumulated depreciation and amortization of $581,246 and $622,313	290,165	252,985
Intangible assets, net	271,523	264,451
Goodwill	435,256	427,566
Other assets	444,804	426,055
Total assets	$3,932,496	$4,649,567
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Commercial paper borrowings	$ 424,967	$ –
Customer banking deposits	1,036,968	827,549
Accounts payable, accrued expenses and other current liabilities	479,660	567,079
Accrued salaries, wages and payroll taxes	103,538	163,992
Accrued income taxes	17,348	336,374
Current portion of long-term debt	713	631,434
Total current liabilities	2,063,194	2,526,428
Long-term debt	906,012	409,115
Other noncurrent liabilities	328,402	388,132
Total liabilities	3,297,608	3,323,675
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, shares issued of 316,628,110 and 397,886,599	3,166	3,979
Additional paid-in capital	747,398	796,784
Accumulated other comprehensive income	9,055	12,145
Retained earnings	723,676	2,523,997
Less treasury shares, at cost	(848,407)	(2,011,013)
Total stockholders' equity	634,888	1,325,892
Total liabilities and stockholders' equity	$ 3,932,496	$4,649,567

See Notes to Consolidated Financial Statements

H&R BLOCK®

CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited, amounts in 000s, except per share amounts)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Revenues:				
Service revenues	$362,194	$ 524,240	$ 558,528	$ 717,243
Product and other revenues	71,485	99,564	89,171	116,117
Interest income	38,300	39,476	58,032	59,737
	471,979	663,280	705,731	893,097
Expenses:				
Cost of revenues:				
Compensation and benefits	160,081	207,480	254,430	316,139
Occupancy and equipment	84,710	93,024	247,059	263,078
Depreciation/amortization of property and equipment	20,067	17,770	54,299	50,894
Provision for bad debt and loan losses	43,028	52,932	51,398	68,423
Interest	19,428	23,543	64,895	69,352
Other	50,304	60,491	110,972	127,551
	377,618	455,240	783,053	895,437
Impairment of goodwill	–	–	–	4,257
Selling, general and administrative expenses	186,997	211,736	352,802	408,144
	564,615	666,976	1,135,855	1,307,838
Operating loss	(92,636)	(3,696)	(430,124)	(414,741)
Other income (expense), net	(3,632)	2,670	2,299	9,185
Loss from continuing operations before taxes (benefit)	(96,268)	(1,026)	(427,825)	(405,556)
Income taxes (benefit)	(79,353)	2,541	(204,061)	(159,821)
Net loss from continuing operations	(16,915)	(3,567)	(223,764)	(245,735)
Net income (loss) from discontinued operations	(793)	218	(6,628)	(74,436)
Net loss	$ (17,708)	$ (3,349)	$ (230,392)	$ (320,171)
Basic and diluted loss per share:				
Net loss from continuing operations	$ (0.06)	$ (0.01)	$ (0.82)	$ (0.82)
Net income (loss) from discontinued operations	(0.01)	–	(0.02)	(0.25)
Net loss	$ (0.07)	$ (0.01)	$ (0.84)	$ (1.07)
Basic and diluted shares	271,542	292,963	273,281	299,450
Dividends paid per share	$ 0.20	$ 0.20	$ 0.60	$ 0.50
Comprehensive income (loss):				
Net loss	$ (17,708)	$ (3,349)	$ (230,392)	$ (320,171)
Unrealized gains (losses) on securities, net of taxes:				
Unrealized holding gains (losses) arising during the period, net of taxes (benefit) of $(405), $(199), $(122) and $1,113	(605)	(291)	(248)	1,682
Reclassification adjustment for gains included in income, net of taxes of $ –, $ –, $71 and $58	–	–	(104)	(93)
Change in foreign currency translation adjustments	975	3,341	(2,738)	(5,413)
Other comprehensive income (loss)	370	3,050	(3,090)	(3,824)
Comprehensive loss	$ (17,338)	$ (299)	$ (233,482)	$ (323,995)

See Notes to Consolidated Financial Statements

H&R BLOCK®

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, amounts in 000s)

Nine months ended January 31,	2013	2012
Net cash used in operating activities	$(1,311,926)	$(1,382,771)
Cash flows from investing activities:		
Purchases of available-for-sale securities	(108,351)	(178,014)
Sales, maturities and payments received on available-for-sale securities	86,808	40,473
Principal repayments on mortgage loans held for investment, net	31,205	35,460
Purchases of property and equipment, net	(96,063)	(71,549)
Payments made for acquisitions of businesses and intangibles, net	(20,662)	(16,022)
Proceeds from sales of businesses, net	1,212	533,055
Franchise loans:		
Loans funded	(68,874)	(43,649)
Payments received	9,594	8,455
Other, net	(15,185)	15,321
Net cash provided by (used in) investing activities	(180,316)	323,530
Cash flows from financing activities:		
Repayments of commercial paper	(789,271)	(413,221)
Proceeds from commercial paper	1,214,238	644,168
Repayments of long-term debt	(636,621)	–
Proceeds from issuance of long-term debt	497,185	–
Customer banking deposits, net	208,753	735,252
Dividends paid	(162,692)	(150,058)
Repurchase of common stock, including shares surrendered	(340,298)	(180,566)
Proceeds from exercise of stock options, net	11,529	(324)
Other, net	(36,113)	(31,424)
Net cash provided by (used in) financing activities	(33,290)	603,827
Effects of exchange rates on cash	(417)	(3,446)
Net decrease in cash and cash equivalents	(1,525,949)	(458,860)
Cash and cash equivalents at beginning of the period	1,944,334	1,677,844
Cash and cash equivalents at end of the period	$ 418,385	$ 1,218,984
Supplementary cash flow data:		
Income taxes paid, net	$ 104,986	$ 163,471
Interest paid on borrowings	62,160	55,266
Interest paid on deposits	4,377	5,170
Transfers of foreclosed loans to other assets	7,208	6,521

See Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

Basis of Presentation

The consolidated balance sheet as of January 31, 2013, the consolidated statements of operations and comprehensive income (loss) for the three and nine months ended January 31, 2013 and 2012, and the condensed consolidated statements of cash flows for the nine months ended January 31, 2013 and 2012 have been prepared by the Company, without audit. In the opinion of management, all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows at January 31, 2013 and for all periods presented have been made. See note 14 for discussion of our presentation of discontinued operations.

"H&R Block," "the Company," "we," "our" and "us" are used interchangeably to refer to H&R Block, Inc. or to H&R Block, Inc. and its subsidiaries, as appropriate to the context.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2012 Annual Report to Shareholders on Form 10-K. All amounts presented herein as of April 30, 2012 or for the year then ended, are derived from our April 30, 2012 Annual Report to Shareholders on Form 10-K.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates, assumptions and judgments are applied in the determination of contingent losses arising from our discontinued mortgage business, contingent losses associated with pending claims and litigation, allowance for loan losses, fair value of reporting units, valuation allowances based on future taxable income, reserves for uncertain tax positions and related matters. Estimates have been prepared on the basis of the most current and best information available as of each balance sheet date. As such, actual results could differ materially from those estimates.

Seasonality of Business

Our operating revenues are seasonal in nature with peak revenues occurring in the months of January through April. Therefore, results for interim periods are not indicative of results to be expected for the full year.

2. Loss Per Share and Stockholders' Equity

Basic and diluted loss per share is computed using the two-class method. The two-class method is an earnings allocation formula that determines net income per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Per share amounts are computed by dividing net income from continuing operations attributable to common shareholders by the weighted average shares outstanding during each period. The dilutive effect of potential common shares is included in diluted earnings per share except in those periods with a loss from continuing operations. Diluted earnings per share excludes the impact of shares of common stock issuable upon the lapse of certain restrictions or the exercise of options to purchase 7.7 million shares for the three and nine months ended January 31, 2013, and 9.6 million shares for the three and nine months ended January 31, 2012, as the effect would be antidilutive due to the net loss from continuing operations during those periods.

The computations of basic and diluted loss per share from continuing operations are as follows:

(in 000s, except per share amounts)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Net loss from continuing operations attributable to shareholders	$ (16,915)	$ (3,567)	$(223,764)	$(245,735)
Income (loss) allocated to participating securities (nonvested shares)	62	(24)	199	152
Net loss from continuing operations attributable to common shareholders	$ (16,977)	$ (3,543)	$(223,963)	$(245,887)
Basic weighted average common shares	271,542	292,963	273,281	299,450
Potential dilutive shares	–	–	–	–
Dilutive weighted average common shares	271,542	292,963	273,281	299,450
Loss per share from continuing operations:				
Basic	$ (0.06)	$ (0.01)	$ (0.82)	$ (0.82)
Diluted	(0.06)	(0.01)	(0.82)	(0.82)

The weighted average shares outstanding for the three and nine months ended January 31, 2013 decreased to 271.5 million and 273.3 million, respectively, from 293.0 million and 299.5 million for the three and nine months ended January 31, 2012, respectively, primarily due to share repurchases completed during fiscal years 2013 and 2012. During the nine months ended January 31, 2013, we purchased and immediately retired 21.3 million shares of our common stock at a cost of $315.0 million. During the nine months ended January 31, 2012, we purchased and immediately retired 13.0 million shares of our common stock at a cost of $177.5 million. The cost of shares retired during each period was allocated to the components of stockholders' equity as follows:

(in 000s)

Nine months ended January 31,	2013	2012
Common stock	$ 213	$ 130
Additional paid-in capital	12,542	7,826
Retained earnings	302,245	169,548
	$ 315,000	$ 177,504

In addition to the shares we repurchased as described above, during the nine months ended January 31, 2013, we acquired 0.2 million shares of our common stock at an aggregate cost of $2.8 million. These shares represent shares swapped or surrendered to us in connection with the vesting or exercise of stock-based awards. During the nine months ended January 31, 2012, we acquired 0.2 million shares at an aggregate cost of $3.1 million for similar purposes.

We also retired 60.0 million shares of treasury stock during the nine months ended January 31, 2013. This retirement of treasury stock had no impact on our total consolidated stockholders' equity. The cost of treasury shares retired during the current period was allocated to the following components of stockholders' equity:

(in 000s)

Common stock	$ 600
Additional paid-in capital	35,400
Retained earnings	1,104,797
Total cost allocated	1,140,797
Less cost of treasury shares retired	(1,140,797)
Net impact on consolidated stockholders' equity	$ –

During the nine months ended January 31, 2013 and 2012, we issued 1.3 million and 1.0 million shares of common stock, respectively, due to the vesting or exercise of stock-based awards.

During the nine months ended January 31, 2013, we granted 1.0 million stock options and 1.5 million nonvested units under our stock-based compensation plans. The weighted average fair value of options granted was $2.79. Stock options or nonvested units granted generally either vest over a three year period with one-third vesting each year or cliff vest at the end of a three-year period. Stock-based compensation expense of our continuing operations totaled $3.7 million and $11.5 million for the three and nine months ended January 31, 2013, respectively, and $2.0 million and $11.0 million for the three and nine months ended January 31, 2012, respectively. At January 31, 2013, unrecognized compensation cost for options totaled $4.6 million, and for nonvested shares and units totaled $25.4 million.

3. Receivables

Short-term receivables of our continuing operations consist of the following:

(in 000s)

As of	January 31, 2013	January 31, 2012	April 30, 2012
Emerald Advance lines of credit	$ 462,576	$ 443,717	$ 23,717
Receivables for tax preparation and related fees	250,566	333,636	42,286
Loans to franchisees	110,560	81,415	61,252
Royalties from franchisees	69,627	88,597	5,781
RAC fees receivable	31,680	28,942	–
Receivable from McGladrey & Pullen LLP	–	32,342	–
Other	68,980	91,392	105,411
	993,989	1,100,041	238,447
Allowance for doubtful accounts	(44,829)	(64,139)	(44,589)
	$ 949,160	$ 1,035,902	$ 193,858

The short-term portion of Emerald Advance lines of credit (EAs), loans made to franchisees and credit card balances is included in receivables, while the long-term portion is included in other assets in the consolidated balance sheets. These amounts are as follows:

(in 000s)

	Emerald Advance Lines of Credit	Loans to Franchisees	Credit Cards
As of January 31, 2013:			
Short-term	$ 462,576	$ 110,560	$ 4,220
Long-term	10,465	127,274	16,045
	$ 473,041	$ 237,834	$20,265
As of January 31, 2012:			
Short-term	$ 443,717	$ 81,415	$ –
Long-term	15,001	134,136	–
	$ 458,718	$ 215,551	$ –
As of April 30, 2012:			
Short-term	$ 23,717	$ 61,252	$ –
Long-term	13,007	109,837	–
	$ 36,724	$ 171,089	$ –

Emerald Advance Lines of Credit. We review the credit quality of our EA receivables based on pools, which are segregated by the year of origination, with older years being deemed more unlikely to be repaid. These amounts as of January 31, 2013, by year of origination, are as follows:

	(in 000s)
2013	$ 435,117
2012	6,936
2011	5,992
2010	3,493
2009 and prior	5,073
Revolving loans	16,430
	$473,041

As of January 31, 2013, January 31, 2012 and April 30, 2012, $30.7 million, $41.4 million and $31.4 million, respectively, of EAs were on non-accrual status and classified as impaired, or more than 60 days past due.

Loans to Franchisees. Loans made to franchisees at January 31, 2013 totaled $237.8 million, and consisted of $144.5 million in term loans and $93.3 million in revolving lines of credit made to existing franchisees primarily for the purpose of funding off-season working capital needs. Loans made to franchisees at January 31, 2012 totaled $215.6 million, and consisted of $150.4 million in term loans and $65.2 million in revolving lines of credit. Loans made to franchisees at April 30, 2012 totaled $171.1 million, and consisted of $127.0 million in term loans and $44.1 million in revolving lines of credit. As of January 31, 2013, we had no loans to franchisees that were past due or on non-accrual status.

Credit Cards. In November 2012, H&R Block Bank, (HRB Bank) began offering unsecured credit cards. These credit cards are offered to selected customers, primarily previous H&R Block clients, based on their credit profile and have a maximum available credit limit of $2,500. Interest income on credit cards is calculated using the average daily balance method and is recognized based on the principal amount outstanding until the outstanding balance is paid or becomes delinquent.

We believe that delinquency rates are the primary indictor of credit quality; however, we also utilize a four-tier approach with Tier 4 representing the most risk. Each tier is comprised of a combination of FICO, Vantage and industry predictive loss models. We do not consider the borrower's credit score to be a primary indicator since it tends to be a lagging indicator of credit quality. All criteria are evaluated at the time of origination, and are not subsequently updated. Credit card receivable balances as of January 31, 2013, by credit tier, are as follows:

	(in 000s)
Tier 1	$ 3,779
Tier 2	8,818
Tier 3	2,660
Tier 4	5,008
	$20,265

Credit card receivables are evaluated for impairment when they become delinquent. Amounts deemed to be uncollectible are charged off against the related allowance. As of January 31, 2013, none of these credit card balances were on non-accrual status and classified as impaired, or more than 60 days past due. Payments on past due amounts are recorded as a reduction in the receivable balance.

Allowance for Doubtful Accounts. Activity in the allowance for doubtful accounts for the nine months ended January 31, 2013 and 2012 is as follows:

(in 000s)

	Balance as of April 30, 2012	Provision	Charge-offs	Balance as of January 31, 2013
Emerald Advance lines of credit	$ 6,200	$ 25,519	$ –	$ 31,719
Loans to franchisees	–	42	–	42
Credit cards	–	4,255	–	4,255
All other receivables	38,389	10,666	(40,242)	8,813
Total	$ 44,589	$ 40,482	$(40,242)	$ 44,829

	Balance as of April 30, 2011	Provision	Charge-offs	Balance as of January 31, 2012
Emerald Advance lines of credit	$ 4,400	$ 33,570	$ –	$ 37,970
Loans to franchisees	–	–	–	–
Credit cards	–	–	–	–
All other receivables	43,543	17,062	(34,436)	26,169
Total	$ 47,943	$ 50,632	$(34,436)	$ 64,139

We recorded an allowance for credit card receivables equal to 21% of amounts outstanding, based on industry information for similar credit cards. We will adjust our allowance in the future as payment and delinquency trends become available.

There were no changes to our methodology related to the calculation of our allowance for doubtful accounts during the nine months ended January 31, 2013.

4. Mortgage Loans Held for Investment and Related Assets

The composition of our mortgage loan portfolio as of January 31, 2013 and April 30, 2012 is as follows:

(dollars in 000s)

As of	January 31, 2013		April 30, 2012	
	Amount	% of Total	Amount	% of Total
Adjustable-rate loans	$ 203,624	55%	$238,442	56%
Fixed-rate loans	168,515	45%	190,870	44%
	372,139	100%	429,312	100%
Unamortized deferred fees and costs	3,004		3,429	
Less: Allowance for loan losses	(17,256)		(26,540)	
	$357,887		$ 406,201	

Our loan loss allowance as a percent of mortgage loans was 4.6% at January 31, 2013, compared to 6.2% at April 30, 2012.

Activity in the allowance for loan losses for the nine months ended January 31, 2013 and 2012 is as follows:

(in 000s)

Nine months ended January 31,	2013	2012
Balance, beginning of the period	$ 26,540	$ 92,087
Provision	10,250	17,275
Recoveries	2,745	160
Charge-offs	(22,279)	(19,573)
Balance, end of the period	$ 17,256	$ 89,949

Our allowance decreased significantly from the prior year primarily due to a change in the fourth quarter of fiscal year 2012, whereby we now charge-off loans 180 days past due to the value of the collateral less costs to sell. This change did not have a significant impact on our provision recorded during the nine months ended January 31, 2013.

When determining our allowance for loan losses, we evaluate loans less than 60 days past due on a pooled basis, while loans we consider impaired, including those loans more than 60 days past due or modified as troubled debt restructurings (TDRs), are evaluated individually. The balance of these loans and the related allowance is as follows:

(in 000s)

As of	January 31, 2013		April 30, 2012	
	Portfolio Balance	Related Allowance	Portfolio Balance	Related Allowance
Pooled	$ 219,345	$ 6,670	$ 248,772	$ 9,237
Impaired:				
Individually (TDRs)	59,295	5,013	71,949	7,752
Individually	93,499	5,573	108,591	9,551
	$ 372,139	$ 17,256	$ 429,312	$ 26,540

Our portfolio includes loans originated by Sand Canyon Corporation, previously known as Option One Mortgage Corporation, and its subsidiaries (SCC) and purchased by HRB Bank, which constitute 57% of the total loan portfolio at January 31, 2013. We have experienced higher rates of delinquency and believe that we have greater exposure to loss with respect to this segment of our loan portfolio. Our remaining loan portfolio is characteristic of a prime loan portfolio, and we believe therefore subject to a lower loss exposure. Detail of our mortgage loans held for investment and the related allowance at January 31, 2013 is as follows:

(dollars in 000s)

	Outstanding Principal Balance	Loan Loss Allowance Amount	Loan Loss Allowance % of Principal	% 30+ Days Past Due
Purchased from SCC	$ 212,250	$13,596	6.4%	34.5%
All other	159,889	3,660	2.3%	9.2%
	$ 372,139	$17,256	4.6%	23.6%

Credit quality indicators at January 31, 2013 include the following:

(in 000s)

Credit Quality Indicators	Purchased from SCC	All Other	Total Portfolio
Occupancy status:			
Owner occupied	$ 154,470	$ 102,180	$ 256,650
Non-owner occupied	57,780	57,709	115,489
	$ 212,250	$159,889	$ 372,139
Documentation level:			
Full documentation	$ 68,413	$ 116,591	$ 185,004
Limited documentation	6,889	16,775	23,664
Stated income	118,100	16,385	134,485
No documentation	18,848	10,138	28,986
	$ 212,250	$159,889	$ 372,139
Internal risk rating:			
High	$ 68,645	$ –	$ 68,645
Medium	143,605	–	143,605
Low	–	159,889	159,889
	$ 212,250	$159,889	$ 372,139

Loans given our internal risk rating of "high" were originated by SCC, and generally had no documentation or were based on stated income. Loans given our internal risk rating of "medium" were generally full documentation or based on stated income, with loan-to-value ratios at origination of more than 80%, and were made to borrowers with credit scores below 700 at origination. Loans given our internal risk rating of "low" were generally full documentation, with loan-to-value ratios at origination of less than 80% and were made to borrowers with credit scores greater than 700 at origination.

Our mortgage loans held for investment include concentrations of loans to borrowers in certain states, which may result in increased exposure to loss as a result of changes in real estate values and underlying economic or market conditions related to a particular geographical location. Approximately 58% of our mortgage loan portfolio consists of loans to borrowers located in the states of Florida, California, New York and Wisconsin.

Detail of the aging of the mortgage loans in our portfolio as of January 31, 2013 is as follows:

(in 000s)

	Less than 60 Days Past Due	60–89 Days Past Due	90+ Days Past Due [1]	Total Past Due	Current	Total
Purchased from SCC	$16,752	$3,084	$69,905	$ 89,741	$122,509	$ 212,250
All other	7,168	1,089	12,931	21,188	138,701	159,889
	$23,920	$4,173	$82,836	$110,929	$261,210	$372,139

(1) We do not accrue interest on loans past due 90 days or more.

Information related to our non-accrual loans is as follows:

(in 000s)

As of	January 31, 2013	April 30, 2012
Loans:		
Purchased from SCC	$ 76,235	$ 88,347
Other	15,761	16,626
	91,996	104,973
TDRs:		
Purchased from SCC	3,460	3,166
Other	504	1,270
	3,964	4,436
Total non-accrual loans	$ 95,960	$ 109,409

Information related to impaired loans is as follows:

(in 000s)

	Balance With Allowance	Balance With No Allowance	Total Impaired Loans	Related Allowance
As of January 31, 2013:				
Purchased from SCC	$38,938	$ 88,671	$127,609	$ 8,470
Other	6,757	18,428	25,185	2,116
	$45,695	$107,099	$152,794	$10,586
As of April 30, 2012:				
Purchased from SCC	$56,128	$ 97,591	$153,719	$14,917
Other	7,137	19,684	26,821	2,386
	$63,265	$117,275	$180,540	$17,303

Information related to the allowance for impaired loans is as follows:

As of	January 31, 2013	April 30, 2012
		(in 000s)
Portion of total allowance for loan losses allocated to impaired loans and TDR loans:		
Based on collateral value method	$ 5,573	$ 9,551
Based on discounted cash flow method	5,013	7,752
	$10,586	$17,303

Information related to activities of our non-performing assets is as follows:

Nine months ended January 31,	2013	2012
		(in 000s)
Average impaired loans:		
Purchased from SCC	$137,703	$224,002
All other	25,879	35,421
	$163,582	$259,423
Interest income on impaired loans:		
Purchased from SCC	$ 2,940	$ 4,340
All other	232	348
	$ 3,172	$ 4,688
Interest income on impaired loans recognized on a cash basis on non-accrual status:		
Purchased from SCC	$ 2,881	$ 4,182
All other	214	324
	$ 3,095	$ 4,506

Activity related to our real estate owned (REO) is as follows:

Nine months ended January 31,	2013	2012
		(in 000s)
Balance, beginning of the period	$14,972	$19,532
Additions	7,208	6,521
Sales	(6,652)	(7,933)
Writedowns	(1,676)	(2,193)
Balance, end of the period	$13,852	$15,927

5. Investments in Available-for-Sale Securities

The amortized cost and fair value of securities classified as available-for-sale (AFS) held at January 31, 2013 and April 30, 2012 are summarized below:

(in 000s)

As of	January 31, 2013				April 30, 2012			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses [1]	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses [1]	Fair Value
Short-term:								
Municipal bonds	$ 1,000	$ 1	$ –	$ 1,001	$ 1,008	$ 29	$ –	$ 1,037
Long-term:								
Mortgage-backed securities	386,741	5,825	(780)	391,786	361,184	5,620	(121)	366,683
Municipal bonds	4,192	334	–	4,526	4,236	396	–	4,632
	390,933	6,159	(780)	396,312	365,420	6,016	(121)	371,315
Total	$391,933	$ 6,160	$ (780)	$397,313	$366,428	$ 6,045	$ (121)	$372,352

[1] At January 31, 2013, we had no securities that had been in a continuous loss position for more than twelve months. At April 30, 2012, mortgage-backed securities with a cost of $8.1 million and gross unrealized losses of $21 thousand had been in a continuous loss position for more than twelve months.

During the nine months ended January 31, 2013, we received proceeds from the sale of AFS securities of $5.2 million and recorded a gross realized gain of $0.2 million on this sale. We had no sales of AFS securities during the nine months ended January 31, 2012.

Contractual maturities of AFS debt securities at January 31, 2013, occur at varying dates over the next 30 years, and are set forth in the table below.

(in 000s)

As of January 31, 2013	Cost Basis	Fair Value
Maturing in:		
Less than one year	$ 1,000	$ 1,001
Two to five years	4,192	4,526
More than five years	386,741	391,786
	$ 391,933	$397,313

6. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill for the nine months ended January 31, 2013 consist of the following:

(in 000s)

	Tax Services
Balance at April 30, 2012:	
Goodwill	$459,863
Accumulated impairment losses	(32,297)
	427,566
Changes:	
Acquisitions	7,650
Disposals and foreign currency changes, net	40
Balance at January 31, 2013:	
Goodwill	467,553
Accumulated impairment losses	(32,297)
	$435,256

We test goodwill for impairment annually or more frequently if events occur or circumstances change which would, more likely than not, reduce the fair value of a reporting unit below its carrying value.

Intangible assets of our Tax Services segment consist of the following:

(in 000s)

As of	January 31, 2013			April 30, 2012		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Reacquired franchise rights	$214,330	$(17,174)	$197,156	$214,330	$(14,083)	$200,247
Customer relationships	108,596	(52,820)	55,776	90,433	(46,504)	43,929
Noncompete agreements	23,054	(21,627)	1,427	22,337	(21,425)	912
Franchise agreements	19,201	(5,334)	13,867	19,201	(4,373)	14,828
Purchased technology	14,800	(11,911)	2,889	14,700	(10,665)	4,035
Trade name	1,300	(892)	408	1,300	(800)	500
	$381,281	$(109,758)	$271,523	$362,301	$(97,850)	$264,451

Amortization of intangible assets of our continuing operations for the three and nine months ended January 31, 2013 totaled $4.6 and $14.4 million, respectively. Amortization of intangible assets of our continuing operations for the three and nine months ended January 31, 2012 totaled $4.7 and $15.2 million, respectively. Additionally, we recorded an impairment of customer relationships of $4.0 million during the prior year period related to the discontinuation of the ExpressTax brand. Estimated amortization of intangible assets for fiscal years 2013 through 2017 is $17.6 million, $17.1 million, $13.7 million, $13.1 million and $12.4 million, respectively.

7. Borrowings

Borrowings consist of the following:

(in 000s)

As of	January 31, 2013	January 31, 2012	April 30, 2012
Commercial paper outstanding	$ 424,967	$ 230,947	$ –
Senior Notes, 5.500%, due November 2022	$ 497,260	$ –	$ –
Senior Notes, 5.125%, due October 2014	399,588	399,364	399,412
Senior Notes, 7.875%, due January 2013	–	599,871	599,913
Other	9,877	41,002	41,224
Total long-term debt	906,725	1,040,237	1,040,549
Less: Current portion	(713)	(630,996)	(631,434)
	$ 906,012	$ 409,241	$ 409,115

We had commercial paper borrowings of $425.0 million at January 31, 2013, compared to $230.9 million at the same time last year. These borrowings were used to fund our off-season losses and cover our seasonal working capital needs.

On October 25, 2012, we issued $500.0 million of 5.50% Senior Notes. The Senior Notes are due November 1, 2022, and are not redeemable by the bondholders prior to maturity, although we have the right to redeem some or all of these notes at any time, at specified redemption prices. On October 25, 2012, we provided notice to the trustee of our intention to redeem the entire principal amount of the $600.0 million Senior Notes due in January 2013. The redemption settled on November 26, 2012 at a price of $623.0 million, which included full payment of principal, a make-whole premium of $5.8 million and interest accrued up to the redemption date of $17.2 million. Proceeds of the $500.0 million Senior Notes and other cash balances were used to repay the $600.0 million Senior Notes. We recognized a loss on the extinguishment of this debt of $5.8 million during the three months ended January 31, 2013, which primarily represents the interest that would have been paid on these notes if they had not been redeemed prior to maturity. This loss is included in other income (expense), net on our consolidated statements of operations.

In August 2012, we terminated our previous committed line of credit (CLOC) agreement and we entered into a new five-year, $1.5 billion Credit and Guarantee Agreement (2012 CLOC). Funds available under the 2012 CLOC may be used for general corporate purposes or for working capital needs. The 2012 CLOC bears interest at an annual rate of LIBOR plus an applicable rate ranging from 0.750% to 1.45% or PRIME plus an applicable rate ranging from 0.000% to 0.450% (depending on the type of borrowing and our then current credit ratings) and includes an annual facility fee ranging from 0.125% to 0.300% of the committed amounts (also depending on our then current credit ratings). The 2012 CLOC is subject to various conditions, triggers, events or occurrences that could result in earlier termination and contains customary representations, warranties, covenants and events of default, including, without limitation: (1) a covenant requiring the Company to maintain a debt-to-EBITDA ratio calculated on a consolidated basis of no greater than (a) 3.50 for the fiscal quarters ending on April 30, July 31, and October 31 of each year and (b) 3.75 for the fiscal quarter ending on January 31 of each year; (2) a covenant requiring us to maintain an interest coverage (EBITDA-to-interest expense) ratio calculated on a consolidated basis of not less than 2.50 as of the last date of any fiscal quarter; and (3) covenants restricting our ability to incur additional debt, incur liens, merge or consolidate with other companies, sell or dispose of their respective assets (including equity interests), liquidate or dissolve, make investments, loans, advances, guarantees and acquisitions, and engage in certain transactions with affiliates or certain restrictive agreements. The 2012 CLOC includes provisions for an equity cure which could potentially allow us to independently cure a default. We had no balances outstanding under the 2012 CLOC at January 31, 2013. However, we may borrow amounts under the 2012 CLOC from time to time in the future to support working capital requirements or for other general corporate purposes.

8. Fair Value

Fair Value Measurement

We use the following classification of financial instruments pursuant to the fair value hierarchy methodologies for assets measured at fair value:

- Level 1 – inputs to the valuation are quoted prices in an active market for identical assets.
- Level 2 – inputs to the valuation include quoted prices for similar assets in active markets utilizing a third–party pricing service to determine fair value.
- Level 3 – valuation is based on significant inputs that are unobservable in the market and our own estimates of assumptions that we believe market participants would use in pricing the asset.

Financial instruments are broken down in the tables that follow by recurring or nonrecurring measurement status. Recurring assets are initially measured at fair value and are required to be remeasured at fair value in the financial statements at each reporting date. Assets measured on a nonrecurring basis are assets that, as a result of an event or circumstance, were required to be remeasured at fair value after initial recognition in the financial statements at some time during the reporting period.

The following table presents the assets that were remeasured at fair value on a recurring basis during the nine months ended January 31, 2013 and 2012 and the unrealized gains on those remeasurements:

(dollars in 000s)

	Total	Level 1	Level 2	Level 3	Gain
January 31, 2013:					
Mortgage-backed securities	$391,786	$ –	$391,786	$ –	$ 5,045
Municipal bonds	5,527	–	5,527	–	335
	$397,313	$ –	$397,313	$ –	$ 5,380
As a percentage of total assets	10.1%	–%	10.1%	–%	
January 31, 2012:					
Mortgage-backed securities	$306,475	$ –	$306,475	$ –	$2,956
Municipal bonds	7,712	–	7,712	–	451
	$314,187	$ –	$314,187	$ –	$3,407
As a percentage of total assets	6.5%	–%	6.5%	–%	

These AFS securities are carried at fair value on a recurring basis. These include certain agency and agency-sponsored mortgage-backed securities and municipal bonds. Quoted market prices are not available for these securities. As a result, we use a third-party pricing service to determine fair value and classify the securities as Level 2. The service's pricing model is based on market data and utilizes available trade, bid and other market information for similar securities. The fair values provided by third-party pricing service are reviewed and validated by management of HRB Bank. There were no transfers of AFS securities between hierarchy levels during the nine months ended January 31, 2013 and 2012.

The following table presents the assets that were remeasured at fair value on a non-recurring basis during the nine months ended January 31, 2013 and 2012 and the realized losses on those remeasurements:

(dollars in 000s)

	Total	Level 1	Level 2	Level 3	Loss
January 31, 2013:					
REO	$ 14,683	$ –	$ –	$ 14,683	$ (350)
Impaired mortgage loans held for investment	87,949	–	–	87,949	(8,509)
	$102,632	$ –	$ –	$102,632	$(8,859)
As a percentage of total assets	2.6%	–%	–%	2.6%	
January 31, 2012:					
REO	16,883	–	–	16,883	(772)
Impaired mortgage loans held for investment	103,509	–	–	103,509	(6,986)
	$120,392	$ –	$ –	$120,392	$(7,758)
As a percentage of total assets	2.5%	–%	–%	2.5%	

The following methods were used to estimate the fair value of each class of financial instrument above:

- Real estate owned – REO includes foreclosed properties securing mortgage loans. Foreclosed assets are recorded at estimated fair value, generally based on independent market prices or appraised values of the collateral, less costs to sell upon foreclosure. The assets are remeasured quarterly based on independent appraisals or broker price opinions. Subsequent holding period gains and losses arising from the sale of REO are reported when realized. Because our REO is valued based on significant inputs that are unobservable in the market and our own estimates of assumptions that we believe market participants would use in pricing the asset, these assets are classified as Level 3.
- Impaired mortgage loans held for investment – The fair value of impaired mortgage loans held for investment is generally based on the net present value of discounted cash flows for TDR loans or the appraised value of the underlying collateral for all other loans. Impaired and TDR loans are required to be evaluated at least annually, based on HRB Bank's Loan Policy. Impaired loans are typically remeasured every nine months, while TDRs are evaluated quarterly. These loans are classified as Level 3.

We have established various controls and procedures to ensure that the unobservable inputs used in the fair value measurement of these instruments are appropriate. Appraisals are obtained from certified appraisers and reviewed internally by HRB Bank's asset management group. The inputs and assumptions used in our discounted cash flow model for TDRs are reviewed and approved by HRB Bank's management team each time the balances are remeasured. Significant changes in fair value from the previous measurement are presented to HRB Bank management for approval. There were no changes to the unobservable inputs used in determining the fair values of our Level 3 financial assets.

The following table presents the quantitative information about our Level 3 fair value measurements:

(dollars in 000s)

	Fair Value at January 31, 2013	Valuation Technique	Unobservable Input	Range (Weighted Average)
REO	$13,852	Third party pricing	Cost to list/sell	5% - 50% (6%)
			Loss severity	0% - 100% (52%)
Impaired mortgage loans held for investment – non-TDRs	$87,926	Collateral-based	Cost to list/sell	0% - 45% (7%)
			Time to sell (months)	24 (24)
			Collateral depreciation	(24%) - 100% (45%)
			Loss severity	0% - 100% (58%)
Impaired mortgage loans held for investment – TDRs	$54,282	Discounted cash flow	Aged default performance	30% - 50% (41%)
			Loss severity	0% - 21% (4%)

Estimated Fair Value of Financial Instruments

The carrying amounts and estimated fair values of our financial instruments are as follows:

(in 000s)

As of	January 31, 2013		April 30, 2012		
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value	Fair Value Hierarchy
Assets:					
Cash and cash equivalents	$ 418,385	$ 418,385	$1,944,334	$1,944,334	Level 1
Cash and cash equivalents – restricted	37,958	37,958	48,100	48,100	Level 1
Receivables, net – short-term	949,160	949,160	193,858	193,858	Level 1
Mortgage loans held for investment, net	357,887	217,019	406,201	248,535	Level 3
Investments in available-for-sale securities	397,313	397,313	372,352	372,352	Level 2
Receivables, net – long-term	158,228	158,228	127,468	127,468	Level 1 & 3
Note receivable (including interest)	59,213	67,048	55,444	55,444	Level 3
Liabilities:					
Deposits	1,041,942	1,042,282	833,047	831,251	Level 1 & 3
Long-term debt	906,725	946,793	1,040,549	1,077,223	Level 3

Fair value estimates, methods and assumptions are set forth below. The fair value was not estimated for assets and liabilities that are not considered financial instruments.

- Cash and cash equivalents, including restricted – Fair value approximates the carrying amount.
- Receivables – short-term – For short-term balances, the carrying values reported in the balance sheet approximate fair market value due to the relative short-term nature of the respective instruments.
- Mortgage loans held for investment, net – The fair value of mortgage loans held for investment is determined using market pricing sources based on projected future cash flows of each individual asset, and loan characteristics including channel and performance characteristics.
- Investments in available-for-sale securities – We use a third-party pricing service to determine fair value. The service's pricing model is based on market data and utilizes available trade, bid and other market information for similar securities.
- Receivables – long-term – The carrying values for the long-term portion of loans to franchisees approximate fair market value due to the variable interest rates (Level 1). Long-term EA receivables are carried at net realizable value which approximates fair value (Level 3). Net realizable value is determined based on historical collection rates. Credit card balances bear interest at a rate similar to available market rates and have been outstanding for less than three months, therefore carrying value approximates fair market value (Level 1).
- Note receivable – The fair value of the long-term note receivable from McGladrey & Pullen LLP (M&P) assumes no prepayment and is determined using market pricing sources for similar instruments based on projected future cash flows.
- Deposits – The fair value of deposits with no stated maturity such as non-interest-bearing demand deposits, checking, money market and savings accounts is equal to the amount payable on demand

(Level 1). The fair value of IRAs and other time deposits is estimated by discounting the future cash flows using the rates currently offered by HRB Bank for products with similar remaining maturities (Level 3).

- Long-term debt – The fair value of borrowings is based on rates currently available to us for obligations with similar terms and maturities, including current market yields on our Senior Notes.

9. Income Taxes

We file a consolidated federal income tax return in the United States with the Internal Revenue Service (IRS) and file tax returns in various state and foreign jurisdictions. Tax returns are typically examined and settled upon completion of the exam, with tax controversies settled through an appeal process.

In November 2012, we received written approval from the IRS Joint Committee on Taxation of the settlement of a majority of the issues related to the examination of our 1999 through 2007 U.S. federal consolidated tax returns. In the third quarter, we recorded the impact of the settlement which reduced uncertain tax benefits by $59.0 million, with $33.3 million of the total resulting in an income tax benefit in the quarter. Also reducing our tax expense is a further benefit of $10.0 million primarily related to interest adjustments, bringing the total tax benefit from the settlement to $43.3 million.

Except for three issues for which we are pursuing refund claims for tax years 2002 through 2007, which will remain open until resolved, these years are closed. In addition, U.S. federal consolidated tax returns for 2008 through 2010 are currently under examination.

We had gross unrecognized tax benefits of $146.6 million and $206.4 million at January 31, 2013 and April 30, 2012, respectively. The gross unrecognized tax benefits decreased $59.8 million net in the current year, due primarily to the settlement with the IRS during the third quarter. We believe it is reasonably possible that the balance of unrecognized tax benefits could decrease by approximately $18 million before January 31, 2014. This anticipated decrease is due primarily to the expiration of statutes of limitations and anticipated settlements of state audit issues. This amount is included in accrued income taxes in our consolidated balance sheet. The remaining amount is classified as long-term and is included in other noncurrent liabilities in the consolidated balance sheet.

10. Interest Income and Expense

The following table shows the components of interest income and expense of our continuing operations:

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Interest income:				
Emerald Advance lines of credit	$ 29,314	$ 30,062	$ 30,074	$ 30,297
Mortgage loans, net	4,120	4,948	12,705	15,760
Loans to franchisees	2,651	2,694	7,397	7,561
AFS securities	1,713	1,283	5,105	3,006
Other	502	489	2,751	3,113
	$ 38,300	$ 39,476	$ 58,032	$ 59,737
Interest expense:				
Borrowings	$ 17,642	$ 21,382	$ 60,391	$ 63,625
Deposits	1,786	2,011	4,504	5,275
FHLB advances	–	150	–	452
	$ 19,428	$ 23,543	$ 64,895	$ 69,352

11. Commitments and Contingencies

Changes in deferred revenue balances related to our Peace of Mind (POM) program, the current portion of which is included in accounts payable, accrued expenses and other current liabilities and the long-term portion of which is included in other noncurrent liabilities in the consolidated balance sheets, are as follows:

		(in 000s)
Nine months ended January 31,	2013	2012
Balance, beginning of period	$141,080	$140,603
Amounts deferred for new guarantees issued	14,202	19,471
Revenue recognized on previous deferrals	(57,505)	(57,254)
Balance, end of period	$ 97,777	$102,820

In addition to amounts accrued for our POM guarantee, we had accrued $14.9 million and $16.3 million at January 31, 2013 and April 30, 2012, respectively, related to our standard guarantee, which is included with our in-office tax preparation services. The current portion of this liability is included in accounts payable, accrued expenses and other current liabilities and the long-term portion is included in other noncurrent liabilities in the consolidated balance sheets,

We have accrued estimated contingent payments totaling $10.9 million and $6.8 million as of January 31, 2013 and April 30, 2012, respectively, related to recent acquisitions, with the short-term amount recorded in accounts payable, accrued expenses and deposits and the long-term portion included in other noncurrent liabilities. Estimates of contingent payments are typically based on expected financial performance of the acquired business and economic conditions at the time of acquisition. Should actual results differ materially from our assumptions, future payments made will differ from the above estimate and any differences will be recorded in our results from continuing operations.

We have contractual commitments to fund certain franchisees requesting revolving lines of credit. Our total obligation under these lines of credit was $90.0 million at January 31, 2013, and net of amounts drawn and outstanding, our remaining commitment to fund totaled $13.5 million.

We have contractual commitments to fund our credit card customers on their approved revolving lines of credit. Our total obligation under the credit card agreements was $30.5 million at January 31, 2013, and net of amounts outstanding, our remaining commitment to fund totaled $7.4 million.

We maintain compensating balances related to the 2012 CLOC, which are not legally restricted as to withdrawal. These balances totaled $0.4 million as of January 31, 2013.

We routinely enter into contracts that include embedded indemnifications that have characteristics similar to guarantees. Other guarantees and indemnifications of the Company and its subsidiaries include obligations to protect counterparties from losses arising from the following: (1) tax, legal and other risks related to the purchase or disposition of businesses; (2) penalties and interest assessed by federal and state taxing authorities in connection with tax returns prepared for clients; (3) indemnification of our directors and officers; and (4) third-party claims relating to various arrangements in the normal course of business. Typically, there is no stated maximum payment related to these indemnifications, and the terms of the indemnities may vary and in many cases are limited only by the applicable statute of limitations. The likelihood of any claims being asserted against us and the ultimate liability related to any such claims, if any, is difficult to predict. While we cannot provide assurance we will ultimately prevail in the event any such claims are asserted, we believe the fair values of guarantees and indemnifications relating to our continuing operations are not material as of January 31, 2013.

Variable Interests

We evaluated our financial interests in variable interest entities (VIEs) as of January 31, 2013 and determined that there have been no significant changes related to those financial interests.

12. Litigation and Related Contingencies

We are a defendant in a large number of litigation matters, arising both in the ordinary course of business and otherwise, including as described below. The matters described below are not all of the

lawsuits to which we are subject. In some of the matters, very large and/or indeterminate amounts, including punitive damages, are sought. U.S. jurisdictions permit considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. We believe that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value due to this variability in pleadings and our experience in litigating or resolving through settlement numerous claims over an extended period of time.

The outcome of a litigation matter and the amount or range of potential loss at particular points in time may be difficult to ascertain. Among other things, uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

In addition to litigation matters, we are also subject to other claims and regulatory investigations arising out of our business activities, including as described below.

We accrue liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been accrued for a number of the matters noted below. If a range of loss is estimated, and some amount within that range appears to be a better estimate than any other amount within that range, then that amount is accrued. If no amount within the range can be identified as a better estimate than any other amount, we accrue the minimum amount in the range.

For such matters where a loss is believed to be reasonably possible, but not probable, or the loss cannot be reasonably estimated, no accrual has been made. It is possible that litigation and regulatory matters could require us to pay damages or make other expenditures or accrue liabilities in amounts that could not be reasonably estimated at January 31, 2013. While the potential future liabilities could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known, we do not believe any such liabilities are likely to have a material effect on our consolidated financial position, results of operations and cash flows. As of January 31, 2013, we accrued liabilities of $18.9 million, compared to $79.0 million at April 30, 2012. In addition, there are certain SCC contingencies described below and in note 13, which relate to representation and warranty claims that may be resolved through settlement or litigation and any resulting payment charged as a reduction to the accrual for representation and warranty claims.

For some matters where a liability has not been accrued, we are able to estimate a reasonably possible range of loss. For those matters, and for matters where a liability has been accrued, as of January 31, 2013, we estimate the aggregate range of reasonably possible losses in excess of amounts accrued to be approximately $0 to $119 million, of which approximately 78% relates to our discontinued operations.

For other matters, we are not currently able to estimate the reasonably possible loss or range of loss. We are often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, we review relevant information with respect to litigation and related contingencies and update our accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Litigation and Other Claims, Including Indemnification Claims, Pertaining to Discontinued Mortgage Operations. Although SCC ceased its mortgage loan origination activities in December 2007 and sold its loan servicing business in April 2008, SCC and the Company have been, remain, and may in the future be subject to regulatory investigations, claims, including indemnification claims, and lawsuits pertaining to SCC's mortgage business activities that occurred prior to such termination and sale. These investigations, claims and lawsuits include actions by regulators, third party indemnitees including depositors and underwriters, individual plaintiffs, and cases in which plaintiffs seek to represent a class of

others alleged to be similarly situated. Among other things, these investigations, claims and lawsuits allege discriminatory or unfair and deceptive loan origination and servicing practices, fraud and other common law torts, rights to indemnification and violations of securities laws, the Truth in Lending Act (TILA), Equal Credit Opportunity Act and the Fair Housing Act. Given the impact of the financial crisis on the non-prime mortgage environment, the aggregate number of these investigations, claims and lawsuits has increased over time and is expected to continue to increase further. The amounts claimed in these investigations, claims and lawsuits are substantial in some instances, and the ultimate resulting liability is difficult to predict and thus in many cases cannot be reasonably estimated. In the event of unfavorable outcomes, the amounts that may be required to be paid in the discharge of liabilities or settlements could be substantial and could have a material impact on our consolidated financial position, results of operations and cash flows. Certain of these matters are described in more detail below.

On February 1, 2008, a class action lawsuit was filed in the United States District Court for the District of Massachusetts against SCC and other related entities styled *Cecil Barrett, et al. v. Option One Mortgage Corp., et al.* (Civil Action No. 08-10157-RWZ). Plaintiffs allege discriminatory practices relating to the origination of mortgage loans in violation of the Fair Housing Act and Equal Credit Opportunity Act, and seek declaratory and injunctive relief in addition to actual and punitive damages. The court dismissed H&R Block, Inc. from the lawsuit for lack of personal jurisdiction. In March 2011, the court issued an order certifying a class, which defendants sought to appeal. On August 24, 2011, the First Circuit Court of Appeals declined to hear the appeal, noting that the district court could reconsider its certification decision in light of a recent ruling by the United States Supreme Court in an unrelated matter. SCC subsequently filed a motion to decertify the class, which the court granted. Plaintiffs' petition for appeal was denied. A portion of our loss contingency accrual is related to this lawsuit for the amount of loss that we consider probable and reasonably estimable. We believe SCC has meritorious defenses to the claims in this case and it intends to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

On December 9, 2009, a putative class action lawsuit was filed in the United States District Court for the Central District of California against SCC and H&R Block, Inc. styled *Jeanne Drake, et al. v. Option One Mortgage Corp., et al.* (Case No. SACV09-1450 CJC). Plaintiffs allege breach of contract, promissory fraud, intentional interference with contractual relations, wrongful withholding of wages and unfair business practices in connection with not paying severance benefits to employees when their employment transitioned to American Home Mortgage Servicing, Inc. (now known as Homeward Residential, Inc. (Homeward)) in connection with the sale of certain assets and operations of SCC. Plaintiffs seek to recover severance benefits of approximately $8 million, interest and attorney's fees, in addition to penalties and punitive damages on certain claims. On September 2, 2011, the court granted summary judgment in favor of the defendants on all claims. Plaintiffs filed an appeal, which remains pending. We have not concluded that a loss related to this matter is probable, nor have we established a loss contingency related to this matter. We believe we have meritorious defenses to the claims in this case and intend to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

On October 15, 2010, the Federal Home Loan Bank (FHLB) of Chicago filed a lawsuit in the Circuit Court of Cook County, Illinois (Case No. 10CH45033) styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation, et al.* against multiple defendants, including various SCC-related entities, H&R Block, Inc. and other entities, arising out of FHLB's purchase of RMBSs. The plaintiff seeks rescission and damages under state securities law and for common law negligent misrepresentation in connection with its purchase of two securities originated and securitized by SCC. These two securities had a total initial principal amount of approximately $50 million, of which approximately $40 million remains outstanding. The plaintiff agreed to voluntarily dismiss H&R Block, Inc. from the suit. The remaining defendants, including SCC, filed motions to dismiss, which the court denied. Defendants moved for leave to appeal and the circuit court denied the motion. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter. We believe SCC has meritorious defenses to the claims in this case and intends to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

On February 22, 2012, a lawsuit was filed by SCC against Homeward in the Supreme Court of the State of New York, County of New York, styled *Sand Canyon Corporation v. American Home Mortgage Servicing, Inc* . (Index No. 650504/2012), alleging breach of contract and breach of the implied covenant of good faith and fair dealing in connection with the Cooperation Agreement entered into with SCC in connection with SCC's sale of its mortgage loan servicing business to the defendant in 2008. SCC is seeking relief to, among other things, require the defendant to provide loan files only by the method prescribed in applicable agreements. The court denied the defendant's motion to dismiss. The defendant subsequently filed an appeal, which remains pending.

On May 31, 2012, a lawsuit was filed by Homeward in the Supreme Court of the State of New York, County of New York, against SCC styled *Homeward Residential, Inc. v. Sand Canyon Corporation* (Index No. 651885/2012). SCC removed the case to the United States District Court for the Southern District of New York on June 28, 2012 (Case No. 1:12-cv-05067-PGG). Plaintiff, in its capacity as the master servicer for Option One Mortgage Loan Trust 2006-2 and for the benefit of the trustee and the certificate holders of such trust, asserts claims for breach of contract, anticipatory breach, indemnity and declaratory judgment in connection with alleged losses incurred as a result of the breach of representations and warranties relating to loans sold to the trust and representation and warranties related to SCC. Plaintiff seeks specific performance of alleged repurchase obligations and/or damages to compensate the trust and its certificate holders for alleged actual and anticipated losses, as well as a repurchase of all loans due to alleged misrepresentations by SCC as to itself and representations given as to the loans' compliance with its underwriting standards and the value of underlying real estate. SCC is seeking leave to file a motion to dismiss. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter. We believe SCC has meritorious defenses to the claims in this case and intends to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

On September 28, 2012, a second lawsuit was filed by Homeward in the District Court for the Southern District of New York against SCC styled *Homeward Residential, Inc. v. Sand Canyon Corporation* (Case No. 12-cv-7319). Plaintiff, in its capacity as the master servicer for Option One Mortgage Loan Trust 2006-3 and for the benefit of the trustee and the certificate holders of such trust, asserts claims for breach of contract and indemnity in connection with losses allegedly incurred as a result of the breach of representations and warranties relating to 96 loans sold to the trust. Plaintiff seeks specific performance of alleged repurchase obligations and/or damages to compensate the trust and its certificate holders for alleged actual and anticipated losses. SCC is seeking leave to file a motion to dismiss. We have not concluded that a loss related to this matter is probable, nor have we accrued a liability related to this matter. We believe SCC has meritorious defenses to the claims in this case and intends to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

As of January 31, 2013, underwriters and depositors were involved in multiple lawsuits related to securitization transactions in which SCC participated. These lawsuits allege a variety of claims, including violations of federal and state securities law and common law fraud, based on alleged materially inaccurate or misleading disclosures. Based on information currently available to SCC, it believes that the 14 lawsuits in which notice of a claim for indemnification has been made involve original investments of approximately $14 billion. Because SCC is not party to these lawsuits (with the exception of the *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation* case discussed above) and does not have control of this litigation, SCC does not have precise information about the amount of damages or other remedies being asserted or the defenses to the claims in such lawsuits. Additional lawsuits against the underwriters or depositors may be filed in the future, and SCC may receive additional notices of claims for indemnification from underwriters or depositors with respect to existing or new lawsuits. We have not concluded that a loss related to any of these indemnification claims is probable, nor have we accrued a liability related to any of these claims. We believe SCC has meritorious defenses to these indemnification claims and intends to defend them vigorously, but there can be no assurance as to their outcome or their impact on our consolidated financial position, results of operations and cash flows.

On April 3, 2012, the Nevada Attorney General issued a subpoena to SCC indicating it was conducting an investigation concerning "the alleged commission of a practice declared to be unlawful under the Nevada Deceptive Trade Practices Act." A majority of the documents requested in the subpoena involve SCC's lending to minority (African American and Latino) borrowers. No complaint has been filed to date. SCC plans to continue to cooperate with the Nevada Attorney General.

Employment-Related Claims and Litigation. We have been named in several wage and hour class action lawsuits throughout the country, including *Alice Williams v. H&R Block Enterprises LLC*, Case No. RG08366506 (Superior Court of California, County of Alameda, filed January 17, 2008) (alleging improper classification and failure to compensate for all hours worked and to provide meal periods to office managers in California); *Delana Ugas, et al. v. H&R Block Enterprises LLC, et al.,* Case No. BC417700 (United States District Court, Central District of California, filed July 13, 2009) (alleging failure to compensate tax professionals in California for all hours worked and to provide meal periods); and *Barbara Petroski, et al. v. H&R Block Eastern Enterprises, Inc., et al.,* Case No. 10-CV-00075 (United States District Court, Western District of Missouri, filed January 25, 2010) (alleging failure to compensate tax professionals nationwide for off-season training). The plaintiffs in these lawsuits seek actual damages, pre-judgment interest, statutory penalties and attorneys' fees.

A class was certified in the *Williams* case in March 2011 (consisting of office managers who worked in company-owned offices in California from 2004 to 2011). To avoid the cost and inherent risk associated with litigation, we reached an agreement to settle the case in February 2012, subject to approval by the court. The settlement provided for a maximum payment of $7.5 million, with the actual cost of the settlement dependent on the number of valid claims submitted by class members. The court granted final approval of the settlement on November 8, 2012. An appeal was filed, but subsequently withdrawn, rendering the settlement final. We previously recorded a liability for our estimate of the expected loss under the settlement.

In the *Ugas* case, the court initially certified a class on the claim for failure to provide meal periods (consisting of tax professionals who worked in company-owned offices in California from 2006 to 2011), but subsequently decertified the class in a ruling dated July 9, 2012. The Ninth Circuit Court of Appeals declined to hear an appeal. The court also certified a class on the claim for failure to compensate tax professionals for all hours worked (consisting of tax professionals who worked in company-owned offices in one district in California from 2006-2009). That class remains pending. A trial date has been set for October 21, 2013. We have not concluded that a loss related to this matter is probable, nor have we accrued a loss contingency related to this matter. We believe we have meritorious defenses to the claims in this case and intend to defend them vigorously, but there can be no assurances as to the outcome of the case or its impact on our consolidated financial position, results of operations and cash flows.

In the *Petroski* case, a conditional class was certified under the Fair Labor Standards Act in March 2011 (consisting of tax professionals nationwide who worked in company-owned offices and who were not compensated for certain training courses occurring on or after April 15, 2007). Two classes were also certified under state laws in California and New York (consisting of tax professionals who worked in company-owned offices in those states). We filed motions to decertify the classes, along with motions for summary judgment, which remain pending. A trial date has been set for June 10, 2013. We have not concluded that a loss related to this matter is probable, nor have we accrued a loss contingency related to this matter. We believe we have meritorious defenses to the claims in this matter and intend to defend them vigorously, but there can be no assurances as to the outcome of the matter or its impact on our consolidated financial position, results of operations and cash flows.

RAL and RAC Litigation. We have been named in a putative class action styled *Sandra J. Basile, et al. v. H&R Block, Inc., et al.*, April Term 1992 Civil Action No. 3246 in the Court of Common Pleas, First Judicial District Court of Pennsylvania, Philadelphia County, instituted on April 23, 1993. The plaintiffs allege inadequate disclosures with respect to the refund anticipation loan (RAL) product and assert claims for violation of consumer protection statutes, negligent misrepresentation, breach of fiduciary duty, common law fraud, usury, and violation of the TILA. Plaintiffs seek unspecified actual and punitive damages, injunctive relief, attorneys' fees and costs. A Pennsylvania class was certified, but later decertified by the trial court in December 2003. The intermediate appellate court subsequently reversed the decertification decision. On September 7, 2012, the Pennsylvania Supreme Court reversed the

decision of the intermediate appellate court, thereby allowing the trial court's decertification ruling to stand. We have not concluded that a loss related to this matter is probable, nor have we accrued a loss contingency related to this matter. We believe we have meritorious defenses to this case and intend to defend the case vigorously, but there can be no assurances as to the outcome of this case or its impact on our consolidated financial position, results of operations and cash flows.

A series of class action lawsuits were filed against us in various federal courts beginning on November 17, 2011 concerning the RAL and refund anticipation check (RAC) products. The plaintiffs generally allege we engaged in unfair, deceptive and/or fraudulent acts in violation of various state consumer protection laws by facilitating RALs that were accompanied by allegedly inaccurate TILA disclosures, and by offering RACs without any TILA disclosures. Certain plaintiffs also allege violation of disclosure requirements of various state statutes expressly governing RALs and provisions of those statutes prohibiting tax preparers from charging or retaining certain fees. Collectively, the plaintiffs seek to represent clients who purchased RAL or RAC products in up to forty-two states and the District of Columbia during timeframes ranging from 2007 to the present. The plaintiffs seek equitable relief, disgorgement of profits, compensatory and statutory damages, restitution, civil penalties, attorneys' fees and costs. These cases were consolidated by the Judicial Panel on Multidistrict Litigation into a single proceeding in the United States District Court for the Northern District of Illinois for coordinated pretrial proceedings, styled *IN RE: H&R Block Refund Anticipation Loan Litigation* (MDL No. 2373). We filed a motion to compel arbitration, which remains pending. We have not concluded that a loss related to this matter is probable, nor have we accrued a loss contingency related to this matter. We believe we have meritorious defenses to the claims in these cases and intend to defend the cases vigorously, but there can be no assurances as to the outcome of these cases or their impact on our consolidated financial position, results of operations and cash flows.

Compliance Fee Litigation. On April 16, 2012 and April 19, 2012, putative class action lawsuits were filed against us in Missouri state and federal courts, respectively, concerning a compliance fee charged to retail tax clients in the 2011 and 2012 tax seasons. These cases are styled *Manuel H. Lopez III v. H&R Block, Inc., et al.*, in the Circuit Court of Jackson County, Missouri (Case # 1216CV12290), and *Ronald Perras v. H&R Block, Inc., et al*., in the United States District Court for the Western District of Missouri (Case No. 4:12-cv-00450-DGK). Taken together, the plaintiffs seek to represent all retail tax clients nationwide who were charged the compliance fee, and assert claims of violation of state consumer laws, money had and received, and unjust enrichment. We are seeking to compel arbitration on certain claims. We have not concluded that a loss related to these lawsuits is probable, nor have we accrued a liability related to either of these lawsuits. We believe we have meritorious defenses to the claims in these cases and intend to defend the cases vigorously, but there can be no assurances as to the outcome of these cases or their impact on our consolidated financial position, results of operations and cash flows.

Express IRA Litigation. On January 2, 2008, the Mississippi Attorney General in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) filed a lawsuit regarding our former Express IRA product that is styled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, Inc., H&R Block Financial Advisors, Inc*., *et al.* The complaint alleges fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the sale of the product in Mississippi and seeks equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. We believe we have meritorious defenses to the claims in this case and intend to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

Although we sold H&R Block Financial Advisors, Inc. (HRBFA) effective November 1, 2008, we remain responsible for any liabilities relating to the Express IRA litigation, among other things, through an indemnification agreement. A portion of our accrual is related to these indemnity obligations.

Litigation and Claims Pertaining to the Discontinued Operations of RSM McGladrey. On April 17, 2009, a shareholder derivative complaint was filed by Brian Menezes, derivatively and on behalf of nominal defendant International Textile Group, Inc. against McGladrey Capital Markets LLC (MCM) in the Court of Common Pleas, Greenville County, South Carolina (C.A. No. 2009-CP-23-3346) styled *Brian P. Menezes, Derivatively on Behalf of Nominal Defendant, International Textile Group, Inc. (f/k/a Safety Components International, Inc.) v. McGladrey Capital Markets, LLC (f/k/a RSM EquiCo Capital*

Markets, LLC), et al. Plaintiffs filed an amended complaint in October 2011 styled *In re International Textile Group Merger Litigation*, adding a putative class action claim. Plaintiffs allege claims of aiding and abetting, civil conspiracy, gross negligence and breach of fiduciary duty against MCM in connection with a fairness opinion MCM provided to the Special Committee of Safety Components International, Inc. (SCI) in 2006 regarding the merger between International Textile Group, Inc. and SCI. Plaintiffs seek actual and punitive damages, pre-judgment interest, attorneys' fees and costs. On February 8, 2012, the court dismissed plaintiffs' civil conspiracy claim against all defendants. A class was certified on the remaining claims on November 20, 2012. We have not concluded that a loss related to this matter is probable, nor have we established a loss contingency related to this matter. We believe we have meritorious defenses to the claims in this case and intend to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

In connection with the sale of RSM McGladrey, Inc. (RSM) and MCM, we indemnified the buyers against certain litigation matters. The indemnities are not subject to a stated term or limit. A portion of our accrual is related to these indemnity obligations.

Other. We are from time to time a party to investigations, claims and lawsuits not discussed herein arising out of our business operations. These investigations, claims and lawsuits may include actions by state attorneys general, other state regulators, federal regulators, individual plaintiffs, and cases in which plaintiffs seek to represent a class of others similarly situated. We believe we have meritorious defenses to each of these investigations, claims and lawsuits, and we are defending or intend to defend them vigorously. The amounts claimed in these matters are substantial in some instances; however, the ultimate liability with respect to such matters is difficult to predict. In the event of an unfavorable outcome, the amounts we may be required to pay in the discharge of liabilities or settlements could have a material impact on our consolidated financial position, results of operations and cash flows.

We are also a party to claims and lawsuits that we consider to be ordinary, routine litigation incidental to our business, including, but not limited to, claims and lawsuits concerning the preparation of customers' income tax returns, the fees charged customers for various products and services, relationships with franchisees, intellectual property disputes, marketing and other competitor disputes, employment matters and contract disputes (Other Claims). While we cannot provide assurance that we will ultimately prevail in each instance, we believe the amount, if any, we are required to pay in the discharge from liabilities in, or settlements of, these Other Claims will not have a material impact on our consolidated financial position, results of operations and cash flows.

13. Loss Contingencies Arising From Representations and Warranties of Our Discontinued Mortgage Operations Overview.

SCC ceased originating mortgage loans in December 2007 and, in April 2008, sold its servicing assets and discontinued its remaining operations. The sale of servicing assets did not include the sale of any mortgage loans.

Mortgage loans originated by SCC were sold either as whole loans to single third-party buyers or in the form of residential mortgage-backed securities (RMBSs). In connection with the sale of loans and/or RMBSs, SCC made certain representations and warranties. These representations and warranties varied based on the nature of the transaction and the buyer's or insurer's requirements, but generally pertained to the ownership of the loan, the validity of the lien securing the loan, borrower fraud, the loan's compliance with the criteria for inclusion in the transaction, including compliance with SCC's underwriting standards or loan criteria established by the buyer, ability to deliver required documentation, and compliance with applicable laws. Representations and warranties related to borrower fraud in whole loan sale transactions to institutional investors, which represented approximately 68% of the disposal of loans originated in calendar years 2005, 2006 and 2007, included a "knowledge qualifier" limiting SCC's liability to those instances where SCC had knowledge of the fraud at the time the loans were sold. Representations and warranties made in other sale transactions effectively did not include a knowledge qualifier as to borrower fraud. In the event that there is a breach of a representation and warranty and such breach materially and adversely affects the value of a mortgage loan or a securitization insurer's or bondholder's interest in the mortgage loan and, as discussed below, the mortgage has not been liquidated, SCC may be obligated to repurchase the loan, may be obligated to indemnify certain parties, or may enter into settlement arrangements related to losses, collectively referred to as "representation and warranty claims."

Claim History. Representation and warranty claims received by SCC have primarily related to alleged breaches of representations and warranties related to a loan's compliance with the underwriting standards established by SCC at origination and borrower fraud. Claims received since May 1, 2008 are as follows:

(in millions)

Received in Fiscal Year	2009	2010	2011	2012	2013	Total
Loan Origination Year:						
2005	$ 62	$ 15	$ 8	$ 4	$ 22	$ 111
2006	217	108	194	325	133	977
2007	153	22	16	763	13	967
Total	$432	$145	$218	$1,092	$168	$2,055

Note:The table above excludes amounts related to indemnity agreements.

Approximately 95% of claims relate to loans originated in calendar years 2006 and 2007. During calendar years 2006 and 2007, SCC originated approximately $42 billion in loans, of which approximately 1% were sold directly to government sponsored entities. Government sponsored entities also purchased bonds backed by SCC-originated mortgage loans and, with respect to these bonds, have the same rights as other certificate holders in private label securitizations. Due to a variety of substantive defenses and other reasons, SCC may not be subject to representation and warranty losses on loans, including without limitation loans that have been paid in full, liquidated, repurchased, or were sold without recourse.

Based on its experiences to date, SCC believes the longer a loan performs prior to an event of default, the less likely the default will be related to a breach of a representation and warranty, and the less likely that SCC will have a contractual payment obligation with respect to such loan. The majority of claims asserted since May 1, 2008 determined by SCC to represent a valid breach of its representations and warranties relate to loans that became delinquent within the first two years following the origination of the mortgage loan. However, a loan that defaults within the first two years following the origination of the mortgage loan does not necessarily default due to a breach of a representation and warranty. Exclusive of loans that have been paid in full, repurchased or sold without recourse, loans originated in 2006 and 2007 that defaulted in the first two years totaled $6.1 billion and $2.7 billion, respectively.

SCC received $168 million in claims during the nine months ended January 31, 2013, most of which were asserted by a private-label securitization trustee or servicer on behalf of certificate holders ($144 million), with the remainder asserted by monoline insurers ($15 million) and Fannie Mae ($9 million). During the fiscal year ended April 30, 2012, SCC received claims totaling $1.1 billion. The amount of claims received varies from period to period, and these variances have been and could continue to fluctuate substantially.

During fiscal year 2013, SCC has either entered into, or is in discussions with several parties for tolling agreements to extend any applicable statute of limitations related to potential representation and warranty claims and other claims against SCC involving substantial amounts. SCC has experienced a recent decline in representation and warranty claims, which it believes may be partially attributable to the existence of these tolling agreements, and this may continue until the tolling agreements are terminated.

Liability for Estimated Contingent Losses. SCC estimates probable losses arising from representations and warranties on loans it originated by assessing, among other things, claim activity, both known and projected. Projections of future claims are based on an analysis that includes a review of the terms and provisions of related agreements, the historical claim and validity rate experience and inquiries from various third-parties. SCC's methodology for calculating this liability also includes an assessment of the probability that individual counterparties (private label securitization trustees on behalf of certificate holders, monoline insurers and whole-loan purchasers) will assert future claims. SCC also considers the potential for bulk settlements when determining its estimated accrual for probable losses related to representations and warranties.

SCC has accrued a liability as of January 31, 2013 for estimated contingent losses arising from representations and warranties on loans it originated of $118.8 million, which represents SCC's estimate of the probable loss that may occur. While SCC uses what it believes to be the best information available to it in estimating its liability, assessing the likelihood that claims will be asserted in the future and estimating

probable losses are inherently subjective and require considerable management judgment. To the extent that the volume of claims, the level of claims (including whether the loan has been liquidated), the level of disputed claims, the level of threatened claims, the counterparties asserting claims, the nature and severity of claims, the outcome of various litigation related to claims, or the value of residential home prices, among other factors, differ in the future from current estimates, future losses may differ from the current estimates and those differences may be significant. Because of these numerous uncertainties, SCC is not able to estimate reasonably possible loss outcomes in excess of its current accrual. However, such possible loss outcomes may be significant. A 1% increase in loss severities and a 1% decrease in assumed denial rates would result in losses beyond SCC's accrual of approximately $27 million. This sensitivity is hypothetical and is intended to provide an indication of the impact of a change in key assumptions on this loss contingency. In reality, changes in one assumption may result in changes in other assumptions, which could affect the sensitivity and the amount of losses.

A rollforward of SCC's accrued liability for these loss contingencies is as follows:

		(in 000s)
Nine months ended January 31,	2013	2012
Balance at beginning of period	$130,018	$126,260
Provisions	–	20,000
Payments	(11,253)	(3,337)
Balance at end of period	$118,765	$142,923

The recent federal court decision styled *MASTR Asset Backed Securities Trust 2006-HE3 v. WMC Mortgages* (Case No. 11-CV-2542 (JRT/TNL), 2012 WL 4511065 (D. Minn.), the "WMC Decision"), decided on October 1, 2012, recognizes the liquidation of a mortgage loan in a foreclosure sale as a defense to representation and warranty claims and related litigation. Specifically, the court noted that under the law of many states, including New York (which was applicable in the case at hand and governs most of SCC's purchase agreements for mortgage loans), a foreclosure decree operates to merge the interest of the mortgagor and mortgagee and, consequently, foreclosure on the properties securing the mortgage loan extinguishes it and renders it unavailable for repurchase. Consistent with this approach, SCC is taking the legal position where appropriate, for both contractual representation and warranty claims and similar claims in litigation, that a valid representation and warranty claim cannot be made with respect to a mortgage loan that has been liquidated. However, the WMC Decision is subject to appeal and it is anticipated that the liquidated mortgage loan defense will be the subject of future judicial decisions. Until the liquidated mortgage loan defense is further validated in the courts or other developments occur, SCC's estimated accrual for representation and warranty claims will continue to be determined using its prior methodology, which does not take this defense into account.

Settlement Actions. SCC has vigorously contested any request for repurchase when it has concluded that a valid basis for repurchase does not exist and will continue to do so in the future.

American International Group, Inc. (AIG) had threatened to assert claims of various types in the approximate amount of $650 million in connection with the sale and securitization of SCC-originated mortgage loans. On December 21, 2012, SCC and AIG entered into an agreement to resolve all of AIG's claims, except that AIG retained the right to benefit from payments for representation and warranty claims by third parties, without AIG's assistance or encouragement, that are made to securitization trusts in which AIG has a continuing interest.

SCC may enter into other bulk settlements it believes to be advantageous in lieu of a loan-by-loan review process. In addition, there are certain SCC contingencies described in note 12 that include representation and warranty claims that may be resolved through settlement or litigation. Any resulting payment from such settlements would be charged as a reduction to the accrual for representation and warranty claims.

Indemnification obligations. Losses may also be incurred with respect to various indemnification claims related to loans and securities SCC originated and sold. Losses from indemnification obligations can be significant and are frequently not subject to a stated term or limit. SCC believes it is not probable that it will be required to perform under its indemnification obligations; however, there can be no assurances as to the outcome or impact on our consolidated financial position, results of operations and cash flows related to claims which may arise from those indemnification obligations.

Reviewed Claims. Since May 2008, SCC has denied approximately 94% of all claims reviewed, excluding loans covered by other settlements. Of the denied claims, 1% related to loans that have been paid in full and 1% of claims were denied because they related to loans which have been liquidated. Paid claim loss severity rates have approximated 64% and SCC has not observed any material trends related to average losses. Repurchased loans are considered held for sale and are included in prepaid expenses and other current assets on the consolidated balance sheets.

SCC generally has 60 to 120 days to respond to a claimed breach of a representation and warranty and performs a loan-by-loan review of all claims during this time. Counterparties are able to reassert claims that SCC has denied. Claims totaling approximately $42 million remained subject to review as of January 31, 2013, of which, approximately $20 million represent a reassertion of previously denied claims.

14. Discontinued Operations

Our discontinued operations consist of our former Business Services segment and SCC. We sold RSM and MCM in fiscal year 2012. SCC exited its mortgage business in fiscal year 2008.

The results of operations of our discontinued operations are as follows:

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Revenues	$ –	$ 50,508	$ –	$ 416,436
Pretax income (loss) from operations:				
RSM and related businesses	$ (511)	$ 1,117	$ (204)	$ 18,831
Mortgage	(765)	(27,385)	(10,639)	(54,019)
	(1,276)	(26,268)	(10,843)	(35,188)
Income tax benefit	(483)	(6,462)	(4,215)	(10,268)
Net loss from operations	(793)	(19,806)	(6,628)	(24,920)
Pretax loss on sales of businesses	–	(236)	–	(109,485)
Income tax benefit	–	(20,260)	–	(59,969)
Net gain (loss) on sales of businesses	–	20,024	–	(49,516)
Net income (loss) from discontinued operations	$ (793)	$ 218	$ (6,628)	$ (74,436)

15. Regulatory Requirements – HRB Bank

The following table sets forth HRB Bank's regulatory capital requirements calculated in its Call Report, as filed with the Federal Financial Institutions Examination Council (FFIEC):

(dollars in 000s)

	Actual		Minimum Capital Requirement		Minimum to be Well Capitalized	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2012:						
Total risk-based capital ratio [1]	$469,979	61.9%	$ 60,747	8.0%	$75,934	10.0%
Tier 1 risk-based capital ratio [2]	460,341	60.6%	N/A	N/A	45,561	6.0%
Tier 1 capital ratio (leverage) [3]	460,341	29.7%	62,041	4.0%[5]	77,551	5.0%
Tangible equity ratio [4]	460,341	29.7%	23,265	1.5%	N/A	N/A
As of March 31, 2012:						
Total risk-based capital ratio [1]	$ 458,860	120.3%	$ 30,513	8.0%	$ 38,141	10.0%
Tier 1 risk-based capital ratio [2]	453,800	119.0%	N/A	N/A	22,885	6.0%
Tier 1 capital ratio (leverage) [3]	453,800	29.4%	185,252	12.0%	77,188	5.0%
Tangible equity ratio [4]	453,800	29.4%	23,157	1.5%	N/A	N/A

(1) Total risk-based capital divided by risk-weighted assets.
(2) Tier 1 (core) capital less deduction for low-level recourse and residual interest divided by risk-weighted assets.
(3) Tier 1 (core) capital divided by adjusted total assets.
(4) Tangible capital divided by tangible assets.
(5) Effective April 5, 2012, the minimum capital requirement was changed to 4% by the OCC, although HRB Bank plans to maintain a minimum of 12.0% leverage capital at the end of each calendar quarter.

As of January 31, 2013, HRB Bank's leverage ratio was 30.4%.

16. Segment Information

Results of our continuing operations by reportable operating segment are as follows:

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Revenues:				
Tax Services	$464,634	$ 655,701	$ 684,706	$ 868,144
Corporate and eliminations	7,345	7,579	21,025	24,953
	$471,979	$663,280	$ 705,731	$ 893,097
Pretax income (loss):				
Tax Services	$ (64,189)	$ 31,716	$(335,203)	$(311,733)
Corporate and eliminations	(32,079)	(32,742)	(92,622)	(93,823)
Loss from continuing operations before tax benefit	$ (96,268)	$ (1,026)	$(427,825)	$(405,556)

17. New Accounting Standards

In September 2011, the FASB issued Accounting Standards Update 2011-08, "Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment." Under the amendments in this guidance, an entity may consider qualitative factors before applying Step 1 of the goodwill impairment assessment, but may no longer be permitted to carry forward estimates of a reporting unit's fair value from a prior year when specific criteria are met. These amendments were effective for us as the beginning of our current fiscal year. We adopted this guidance as of May 1, 2012, and this new guidance did not have a material effect on our consolidated financial statements.

18. Condensed Consolidating Financial Statements

Block Financial LLC (Block Financial) is an indirect, wholly-owned subsidiary of the Company. Block Financial is the Issuer and the Company is the full and unconditional Guarantor of the Senior Notes issued on October 25, 2012 and October 26, 2004, our 2012 CLOC, and other indebtedness issued from time to time. These condensed consolidating financial statements have been prepared using the equity method of accounting. Earnings of subsidiaries are, therefore, reflected in the Company's investment in subsidiaries account. The elimination entries eliminate investments in subsidiaries, related stockholders' equity and other intercompany balances and transactions.

Condensed Consolidating Statements of Operations and Comprehensive Income (Loss) (in 000s)

Three months ended January 31, 2013	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 58,616	$ 414,858	$ (1,495)	$ 471,979
Cost of revenues	–	68,333	310,776	(1,491)	377,618
Selling, general and administrative	–	11,327	175,674	(4)	186,997
Total expenses	–	79,660	486,450	(1,495)	564,615
Operating loss	–	(21,044)	(71,592)	–	(92,636)
Other income (expense), net	(96,268)	(4,938)	1,306	96,268	(3,632)
Loss from continuing operations before tax benefit	(96,268)	(25,982)	(70,286)	96,268	(96,268)
Income tax benefit	(79,353)	(31,416)	(47,937)	79,353	(79,353)
Net income (loss) from continuing operations	(16,915)	5,434	(22,349)	16,915	(16,915)
Net loss from discontinued operations	(793)	(483)	(310)	793	(793)
Net income (loss)	(17,708)	4,951	(22,659)	17,708	(17,708)
Other comprehensive income (loss)	370	(569)	939	(370)	370
Comprehensive income (loss)	$ (17,338)	$ 4,382	$ (21,720)	$ 17,338	$ (17,338)

Three months ended January 31, 2012	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 65,604	$ 597,837	$ (161)	$ 663,280
Cost of revenues	–	77,965	377,436	(161)	455,240
Selling, general and administrative	–	9,705	202,031	–	211,736
Total expenses	–	87,670	579,467	(161)	666,976
Operating income (loss)	–	(22,066)	18,370	–	(3,696)
Other income (expense), net	(1,026)	1,301	1,369	1,026	2,670
Income (loss) from continuing operations before tax (benefit)	(1,026)	(20,765)	19,739	1,026	(1,026)
Income tax (benefit)	2,541	12,036	(9,495)	(2,541)	2,541
Net income (loss) from continuing operations	(3,567)	(32,801)	29,234	3,567	(3,567)
Net income (loss) from discontinued operations	218	(15,695)	15,913	(218)	218
Net income (loss)	(3,349)	(48,496)	45,147	3,349	(3,349)
Other comprehensive income (loss)	3,050	(335)	3,385	(3,050)	3,050
Comprehensive income (loss)	$ (299)	$ (48,831)	$ 48,532	$ 299	$ (299)

Nine months ended January 31, 2013	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 98,531	$ 608,773	$ (1,573)	$ 705,731
Cost of revenues	–	137,146	647,476	(1,569)	783,053
Selling, general and administrative	–	26,288	326,518	(4)	352,802
Total expenses	–	163,434	973,994	(1,573)	1,135,855
Operating loss	–	(64,903)	(365,221)	–	(430,124)
Other income (expense), net	(427,825)	(2,428)	4,727	427,825	2,299
Loss from continuing operations before tax benefit	(427,825)	(67,331)	(360,494)	427,825	(427,825)
Income tax benefit	(204,061)	(46,374)	(157,687)	204,061	(204,061)
Net loss from continuing operations	(223,764)	(20,957)	(202,807)	223,764	(223,764)
Net loss from discontinued operations	(6,628)	(6,503)	(125)	6,628	(6,628)
Net loss	(230,392)	(27,460)	(202,932)	230,392	(230,392)
Other comprehensive loss	(3,090)	(315)	(2,775)	3,090	(3,090)
Comprehensive loss	$ (233,482)	$ (27,775)	$ (205,707)	$ 233,482	$ (233,482)

Nine months ended January 31, 2012	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 104,937	$ 788,321	$ (161)	$ 893,097
Cost of revenues	–	152,605	742,993	(161)	895,437
Selling, general and administrative	–	24,044	388,357	–	412,401
Total expenses	–	176,649	1,131,350	(161)	1,307,838
Operating loss	–	(71,712)	(343,029)	–	(414,741)
Other income (expense), net	(405,556)	7,647	1,538	405,556	9,185
Loss from continuing operations before tax benefit	(405,556)	(64,065)	(341,491)	405,556	(405,556)
Income tax benefit	(159,821)	(4,877)	(154,944)	159,821	(159,821)
Net loss from continuing operations	(245,735)	(59,188)	(186,547)	245,735	(245,735)
Net loss from discontinued operations	(74,436)	(36,398)	(38,038)	74,436	(74,436)
Net loss	(320,171)	(95,586)	(224,585)	320,171	(320,171)
Other comprehensive income (loss)	(3,824)	1,430	(5,254)	3,824	(3,824)
Comprehensive loss	$ (323,995)	$ (94,156)	$ (229,839)	$ 323,995	$ (323,995)

Condensed Consolidating Balance Sheets (in 000s)

As of January 31, 2013	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Cash & cash equivalents	$ –	$ 294,816	$ 124,102	$ (533)	$ 418,385
Cash & cash equivalents – restricted	–	1,613	36,345	–	37,958
Receivables, net	963	555,418	392,779	–	949,160
Mortgage loans held for investment	–	357,887	–	–	357,887
Intangible assets and goodwill, net	–	–	706,779	–	706,779
Investments in subsidiaries	2,834,612	556	–	(2,834,612)	556
Amounts due from affiliates	62	496,760	2,208,626	(2,705,448)	–
Other assets	8,244	630,999	822,528	–	1,461,771
Total assets	$ 2,843,881	$ 2,338,049	$ 4,291,159	$ (5,540,593)	$ 3,932,496
Customer deposits	$ –	$ 1,037,501	$ –	$ (533)	$ 1,036,968
Commercial paper borrowings	–	424,967	–	–	424,967
Long-term debt	–	896,848	9,877	–	906,725
Other liabilities	367	251,833	676,748	–	928,948
Amounts due to affiliates	2,208,626	-	496,822	(2,705,448)	–
Stockholders' equity	634,888	(273,100)	3,107,712	(2,834,612)	634,888
Total liabilities and stockholders' equity	$ 2,843,881	$ 2,338,049	$ 4,291,159	$ (5,540,593)	$ 3,932,496

As of January 31, 2013	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Cash & cash equivalents	$ –	$ 515,147	$ 1,430,030	$ (843)	$ 1,944,334
Cash & cash equivalents – restricted	–	8,814	39,286	–	48,100
Receivables, net	–	90,755	103,103	–	193,858
Mortgage loans held for investment, net	–	406,201	–	–	406,201
Intangible assets and goodwill, net	–	–	692,017	–	692,017
Investments in subsidiaries	2,525,473	–	715	(2,525,473)	715
Amounts due from affiliates (1)	188	492,851	1,430,782	(1,923,821)	–
Other assets	8,887	623,032	732,423	–	1,364,342
Total assets (1)	$ 2,534,548	$ 2,136,800	$ 4,428,356	$ (4,450,137)	$ 4,649,567
Customer deposits	$ –	$ 828,392	$ –	$ (843)	$ 827,549
Long-term debt	–	999,325	41,224	–	1,040,549
Other liabilities (1)	22,690	277,160	1,155,727	–	1,455,577
Amounts due to affiliates (1)	1,185,966	244,816	493,039	(1,923,821)	–
Stockholders' equity	1,325,892	(212,893)	2,738,366	(2,525,473)	1,325,892
Total liabilities and stockholders' equity (1)	$ 2,534,548	$ 2,136,800	$ 4,428,356	$ (4,450,137)	$ 4,649,567

(1) Amounts as of April 30, 2012 have been restated to conform to the current period presentation, including the presentation of income tax receivables settled with affiliates and the presentation of intercompany receivables and payables gross, rather than net.

Condensed Consolidating Statements of Cash Flows (in 000s)

Nine months ended January 31, 2013	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ (158)	$ (408,904)	$ (902,864)	$ –	$ (1,311,926)
Cash flows from investing:					
Purchases of AFS securities	–	(108,351)	–	–	(108,351)
Maturities of AFS securities	–	86,756	52	–	86,808
Mortgage loans held for investment, net	–	31,205	–	–	31,205
Purchases of property & equipment, net	–	(58)	(96,005)	–	(96,063)
Payments made for acquisitions of businesses and intangibles, net	–	–	(20,662)	–	(20,662)
Proceeds from sales of businesses, net	–	–	1,212	–	1,212
Loans made to franchisees	–	(68,874)	–	–	(68,874)
Repayments from franchisees	–	9,594	–	–	9,594
Intercompany advances (payments)	491,619	–	–	(491,619)	–
Other, net	–	(21,879)	6,694	–	(15,185)
Net cash provided by (used in) investing activities	491,619	(71,607)	(108,709)	(491,619)	(180,316)
Cash flows from financing:					
Repayments of commercial paper	–	(789,271)	–	–	(789,271)
Proceeds from commercial paper	–	1,214,238	–	–	1,214,238
Repayments of long-term debt	–	(605,790)	(30,831)	–	(636,621)
Proceeds from long-term debt	–	497,185	–	–	497,185
Customer banking deposits, net	–	208,443	–	310	208,753
Dividends paid	(162,692)	–	–	–	(162,692)
Repurchase of common stock	(340,298)	–	–	–	(340,298)
Proceeds from exercise of stock options, net	11,529	–	–	–	11,529
Intercompany advances (payments)	–	(251,638)	(239,981)	491,619	–
Other, net	–	(12,987)	(23,126)	–	(36,113)
Net cash provided by (used in) financing activities	(491,461)	260,180	(293,938)	491,929	(33,290)
Effects of exchange rates on cash	–	–	(417)	–	(417)
Net decrease in cash	–	(220,331)	(1,305,928)	310	(1,525,949)
Cash – beginning of period	–	515,147	1,430,030	(843)	1,944,334
Cash – end of period	$ –	$ 294,816	$ 124,102	$ (533)	$ 418,385

Nine months ended January 31, 2012	H&R Block, Inc. (Guarantor)	Block Financial (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 8,193	$ (448,362)	$ (942,602)	$ –	$ (1,382,771)
Cash flows from investing:					
Purchases of AFS securities	–	(178,014)	–	–	(178,014)
Maturities of AFS securities	–	39,400	1,073	–	40,473
Mortgage loans held for investment, net	–	35,460	–	–	35,460
Purchases of property & equipment, net	–	(152)	(71,397)	–	(71,549)
Payments made for acquisitions of businesses and intangibles, net	–	–	(16,022)	–	(16,022)
Proceeds from sale of businesses, net	–	–	533,055	–	533,055
Loans made to franchisees	–	(43,649)	–	–	(43,649)
Repayments from franchisees	–	8,455	–	–	8,455
Intercompany advances (payments)	322,729	–	–	(322,729)	–
Other, net	–	7,830	7,491	–	15,321
Net cash provided by (used in) investing activities	322,729	(130,670)	454,200	(322,729)	323,530
Cash flows from financing:					
Repayments of commercial paper	–	(413,221)	–	–	(413,221)
Proceeds from commercial paper	–	644,168	–	–	644,168
Customer banking deposits, net	–	735,491	–	(239)	735,252
Dividends paid	(150,058)	–	–	–	(150,058)
Repurchase of common stock	(180,566)	–	–	–	(180,566)
Proceeds from exercise of stock options, net	(324)	–	–	–	(324)
Intercompany advances (payments)	–	61,747	(384,476)	322,729	–
Other, net	26	57	(31,507)	–	(31,424)
Net cash provided by (used in) financing activities	(330,922)	1,028,242	(415,983)	322,490	603,827
Effects of exchange rates on cash	–	–	(3,446)	–	(3,446)
Net increase (decrease) in cash	–	449,210	(907,831)	(239)	(458,860)
Cash – beginning of period	–	616,238	1,061,656	(50)	1,677,844
Cash – end of period	$ –	$ 1,065,448	$ 153,825	$ (289)	$ 1,218,984

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RECENT DEVELOPMENTS

We are in the process of evaluating alternative means of ceasing to be a savings and loan holding company (SLHC), in which case we would no longer be subject to regulation by the Board of Governors of the Federal Reserve System (Federal Reserve) as an SLHC. In connection with that evaluation, we are exploring alternatives to continue delivering financial products and services to our customers. Our evaluation of alternatives is in its early stages and therefore we cannot predict the timing, the circumstances, or the likelihood of us ceasing to be regulated as an SLHC.

Following tax law changes made by Congress on January 2, 2013, the Internal Revenue Service (IRS) announced it would delay acceptance and processing of individual tax returns until January 30 to allow sufficient time to complete necessary updates to forms and testing of its processing systems. This represents a nearly two-week delay compared with last tax season when the IRS began processing individual tax returns on January 17, 2012. We believe this delay resulted in an industry-wide delay to tax season filing patterns and, as described more fully below, a significant decline in our third quarter return volumes and revenues. In addition, at January 31 the IRS was continuing to update its systems for certain forms, and completed tax returns that included those forms could not be filed.

RESULTS OF OPERATIONS

Our subsidiaries provide tax preparation and retail banking services. Tax returns are either prepared by H&R Block tax professionals in a company-owned or franchise office or prepared and filed digitally by our clients through H&R Block At Home™, either online or using our software. We are the only major company offering a full range of do-it-yourself (software and online) and assisted (including traditional in-office) tax preparation solutions to individual tax clients.

CONSOLIDATED RESULTS

A summary of our results of operations is as follows:

- Revenues for the quarter were $472.0 million, down 28.8% from the prior year, primarily due to a 28.7% decline in returns prepared by and through H&R Block, resulting from the IRS delay in accepting and processing tax returns until January 30.
- Operating expenses for the quarter declined 15.3% from the prior year due to the impact of lower volumes on variable expenses, litigation charges in the prior year, and actions we took at the beginning of this year to reduce workforce and close offices.
- We recorded discrete tax benefits of $42.9 million during the quarter of which $43.3 million was due to the settlement of the majority of the issues related to the examination of our 1999 through 2007 U.S. consolidated federal tax returns.
- Loss per share from continuing operations for the quarter was $0.06, compared to a loss per share of $0.01 in the prior year.

Results of our operations are as follows:

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Revenues:				
Tax Services	$ 464,634	$ 655,701	$ 684,706	$ 868,144
Corporate and eliminations	7,345	7,579	21,025	24,953
	$ 471,979	$ 663,280	$ 705,731	$ 893,097
Pretax income (loss):				
Tax Services	$ (64,189)	$ 31,716	$ (335,203)	$ (311,733)
Corporate and eliminations	(32,079)	(32,742)	(92,622)	(93,823)
Loss from continuing operations before taxes (benefit)	$ (96,268)	$ (1,026)	$ (427,825)	$ (405,556)
Income taxes (benefit)	(79,353)	2,541	(204,061)	(159,821)
Net loss from continuing operations	(16,915)	(3,567)	(223,764)	(245,735)
Net income (loss) from discontinued operations	(793)	218	(6,628)	(74,436)
Net loss	$ (17,708)	$ (3,349)	$ (230,392)	$ (320,171)
Basic and diluted loss per share:				
Net loss from continuing operations	$ (0.06)	$ (0.01)	$ (0.82)	$ (0.82)
Net income (loss) from discontinued operations	(0.01)	–	(0.02)	(0.25)
Net loss	$ (0.07)	$ (0.01)	$ (0.84)	$ (1.07)
EBITDA from continuing operations [1]	$ (52,202)	$ 45,023	$ (295,688)	$ (270,077)
EBITDA from continuing operations – adjusted [1]	(53,326)	49,233	(299,611)	(231,251)

[1] See “Non-GAAP Financial Information” at the end of Item 2 for a reconciliation of non-GAAP measures.

TAX SERVICES

This segment primarily consists of our income tax preparation businesses – assisted, online and software, and includes our tax operations in the U.S. and its territories, Canada, and Australia. This segment also includes the activities of H&R Block Bank (HRB Bank) that primarily support the tax network.

Tax Services – Operating Statistics (U.S. only)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Tax returns (in 000s): [1]				
Company-owned operations	1,511	2,172	1,695	2,351
Franchise operations	1,009	1,454	1,143	1,581
Total retail operations	2,520	3,626	2,838	3,932
Software	514	637	538	664
Online	954	1,228	1,057	1,330
Free File Alliance	61	185	86	208
Total digital tax solutions	1,529	2,050	1,681	2,202
	4,049	5,676	4,519	6,134

As of January 31,	2013	2012
Offices:		
Company-owned	5,734	5,787
Company-owned shared locations [2]	477	734
Total company-owned offices	6,211	6,521
Franchise	4,384	4,296
Franchise shared locations [2]	123	175
Total franchise offices	4,507	4,471
	10,718	10,992

(1) Fiscal year 2013 returns include approximately 57 thousand and 27 thousand company-owned and franchise returns, respectively, which were completed and ready to file at January 31, 2013, but could not be filed due to the unavailability of certain forms. Revenue related to these returns was deferred at January 31, 2013 and was recognized in the fourth quarter of fiscal year 2013.

(2) Shared locations include offices located within Wal-Mart and other third-party businesses.

Tax Services – Operating Results					(in 000s)
	Three months ended January 31,		Nine months ended January 31,		
	2013	2012	2013	2012	
Tax preparation fees:					
U.S.	$ 254,225	$ 410,420	$ 296,865	$ 452,730	
International	20,411	18,136	88,912	83,991	
	274,636	428,556	385,777	536,721	
Royalties	56,211	79,517	71,692	93,149	
Fees from refund anticipation checks	44,255	43,689	45,807	45,434	
Interest income on Emerald Advance	29,314	30,062	30,074	30,297	
Fees from Emerald Cards	11,379	12,193	31,716	31,094	
Fees from Peace of Mind guarantees	11,950	11,181	57,505	57,254	
Other	36,889	50,503	62,135	74,195	
Total revenues	464,634	655,701	684,706	868,144	
Compensation and benefits:					
Field wages	136,532	176,927	214,230	266,725	
Administrative and support wages	37,039	42,619	105,998	110,222	
Benefits and other compensation	32,369	41,086	65,908	78,531	
	205,940	260,632	386,136	455,478	
Marketing and advertising	99,262	117,128	118,100	137,037	
Occupancy and equipment	84,631	93,554	246,749	263,369	
Bad debt	39,528	48,406	41,148	51,147	
Depreciation and amortization	24,557	22,425	68,421	69,866	
Supplies	8,724	10,533	15,155	18,711	
Other	66,181	71,307	144,200	184,269	
Total expenses	528,823	623,985	1,019,909	1,179,877	
Pretax income (loss)	$ (64,189)	$ 31,716	$ (335,203)	$ (311,733)	

Three months ended January 31, 2013 compared to January 31, 2012

Tax Services' revenues decreased $191.1 million, or 29.1% from the prior year. U.S. tax preparation fees decreased $156.2 million, or 38.1%, primarily due to a 30.4% decline in tax returns prepared in our company-owned offices, resulting from the IRS delay in accepting and processing tax returns until January 30. Additionally, revenue totaling $13.2 million was deferred at January 31, as related tax returns could not be filed electronically due to the unavailability of certain forms.

The business of our Tax Services segment is highly seasonal and results for our third quarter represent only a small portion of the tax season. Third quarter results are not indicative of the results we expect for the entire fiscal year. Tax returns prepared in company-owned and franchise offices through February 28, 2013 decreased 7.8% from the prior year. Digital tax returns through February 28, 2013 decreased 1.8% from the prior year. We believe these results are not indicative of results for the entire fiscal year due to the delayed start of the tax season.

Royalties decreased $23.3 million, or 29.3%, for the quarter due to a 30.6% decrease in tax returns prepared in franchise offices, which resulted primarily from the IRS filing deferral described above.

Fees earned from refund anticipation checks (RACs) were essentially flat to the prior year, as the delay to the start of the tax season negatively impacted the number of returns, but was almost entirely offset by the favorable impact resulting from our decision to not continue a promotion for free RACs offered last year.

Other revenues decreased $13.6 million, or 27.0%, primarily due to a 25.4% decrease in digital returns, which primarily resulted from the delayed start to the tax season. Additionally, digital revenue totaling $1.2 million was deferred at January 31, as related tax returns could not be filed due to the unavailability of certain forms.

Total expenses decreased $95.2 million, or 15.3%, from the prior year. Compensation and benefits declined $54.7 million, or 21.0%, primarily due to the decline in the number of returns prepared in company-owned offices. Marketing and advertising expenses declined $17.9 million, or 15.3%, primarily due to a decline in

early-season advertising. Occupancy and equipment expenses decreased $8.9 million, or 9.5%, primarily due to reductions in rent expense resulting from office closings. Bad debt declined $8.9 million, or 18.3%, due to lower Emerald Advance lines of credit (EA) and RAC volumes and favorable collection rates on EAs, partially offset by incremental expense from our new credit card offering. Other expenses declined $5.1 million, or 7.2%, primarily due to legal charges recorded in the prior year.

The pretax loss for the three months ended January 31, 2013 was $64.2 million compared to income of $31.7 million in the prior year, due primarily to the delayed start to the tax season described above.

Nine months ended January 31, 2013 compared to January 31, 2012

Tax Services' revenues decreased $183.4 million, or 21.1%, from the prior year. U.S. tax preparation fees decreased $155.9 million, or 34.4%, primarily due to a 27.9% decline in tax returns prepared in our company-owned offices. The decline in tax returns prepared in company-owned offices was primarily the result of an industry-wide slow start to the tax season. Additionally, we deferred $13.2 million of revenue related to tax returns prepared which we were unable to file electronically due to the unavailability of certain forms.

International tax preparation fees increased $4.9 million, or 5.9%, due primarily to strong tax season results in Australia, partially offset by additional revenue in the prior year resulting from an extension of the Canadian tax season.

Royalties decreased $21.5 million, or 23.0%, for the current year due to a 27.7% decrease in tax returns prepared in franchise offices, which resulted primarily from the delayed start to the tax season described above.

Fees earned from RACs were essentially flat to the prior year, as the delay to the start of the tax season negatively impacted the number of returns, but was almost entirely offset by the favorable impact resulting from our decision to not continue a promotion for free RACs offered last year.

Other revenues decreased $12.1 million, or 16.3%, primarily due to a 23.7% decrease in digital returns, which primarily resulted from the delayed start to the tax season. Additionally, revenue totaling $1.2 million was deferred at January 31, as related tax returns could not be filed due to the unavailability of certain forms.

Total expenses decreased $160.0 million, or 13.6%, from the prior year. Compensation and benefits declined $69.3 million, or 15.2%, primarily due to the decline in returns prepared in company-owned offices and a reduction in force at the end of fiscal year 2012. Marketing and advertising expenses declined $18.9 million, or 13.8%, primarily due to a decline in early-season advertising. Occupancy and equipment expenses decreased $16.6 million, or 6.3%, primarily due to reductions in rent expense resulting from office closings. Bad debt declined $10.0 million, or 19.5% due to lower EA and RAC volumes and favorable collection rates on EAs, partially offset by incremental expense from our new credit card offering. Other expenses declined $40.1 million, or 21.7%, primarily due to legal charges recorded in the prior year.

The pretax loss for the nine months ended January 31, 2013 and 2012 was $335.2 million and $311.7 million, respectively.

CORPORATE, ELIMINATIONS AND INCOME TAXES ON CONTINUING OPERATIONS

Corporate operating losses include net interest margin and gains or losses relating to mortgage loans held for investment, real estate owned and residual interests in securitizations, along with interest expense on borrowings and other corporate expenses.

Corporate and Eliminations – Operating Results (in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Interest income on mortgage loans held for investment	$ 4,120	$ 4,948	$ 12,705	$ 15,760
Other	3,225	2,631	8,320	9,193
Total revenues	7,345	7,579	21,025	24,953
Interest expense	17,540	21,131	60,111	63,124
Provision for loan losses	3,500	4,525	10,250	17,275
Other	18,384	14,665	43,286	38,377
Total expenses	39,424	40,321	113,647	118,776
Pretax loss	$ (32,079)	$ (32,742)	$ (92,622)	$ (93,823)

Three months ended January 31, 2013 compared to January 31, 2012

The pretax loss for the three months ended January 31, 2013 totaled $32.1 million, which was essentially flat compared to the prior year. Interest expense declined $3.6 million, or 17.0%, due to lower interest rates on our Senior Notes, coupled with lower principal balances outstanding. Other expenses increased $3.7 million from the prior year primarily due to a $5.8 million loss we incurred on the early retirement of our $600.0 million Senior Notes.

Nine months ended January 31, 2013 compared to January 31, 2012

The pretax loss for the nine months ended January 31, 2013 totaled $92.6 million, an improvement of $1.2 million, or 1.3%, over the prior year. Interest income on mortgage loans and provisions for loan losses declined $3.1 million and $7.0 million, respectively, as a result of the continued run-off of our mortgage loan portfolio. Interest expense declined $3.0 million, or 4.8%, primarily due to lower interest rates on our Senior Notes. Other expenses increased $4.9 million from the prior year primarily due to a loss we incurred on the early retirement of our $600.0 million Senior Notes.

Income Taxes on Continuing Operations

Our effective tax rate for continuing operations was 47.7% and 39.4% for the nine months ended January 31, 2013 and 2012, respectively. Due to losses in both periods, a discrete tax benefit in either period increases the tax rate while an item of discrete tax expense decreases the tax rate. During the nine months ended January 31, 2013, a discrete tax benefit of $38.7 million was recorded compared to a discrete tax benefit of $1.3 million in the prior year. This difference in discrete tax benefit was largely due to differences in income tax reserve adjustments recorded. The majority of these income tax reserve adjustments were recorded in the third quarter of the current fiscal year due to a settlement with the IRS related to the 1999 through 2007 tax years.

DISCONTINUED OPERATIONS

Our discontinued operations include our previously reported Business Services segment and our discontinued mortgage operations.

Discontinued Operations – Operating Results (in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2013	2012	2013	2012
Revenues	$ –	$ 50,508	$ –	$ 416,436
Pretax income (loss) from operations:				
RSM and related businesses	$ (511)	$ 1,117	$ (204)	$ 18,831
Mortgage	(765)	(27,385)	(10,639)	(54,019)
	(1,276)	(26,268)	(10,843)	(35,188)
Income tax benefit	(483)	(6,462)	(4,215)	(10,268)
Net loss from operations	(793)	(19,806)	(6,628)	(24,920)
Pretax loss on sales of businesses	–	(236)	–	(109,485)
Income tax benefit	–	(20,260)	–	(59,969)
Net gain (loss) on sales of businesses	–	20,024	–	(49,516)
Net income (loss) from discontinued operations	$ (793)	$ 218	$ (6,628)	$ (74,436)

Three months ended January 31, 2013 compared to January 31, 2012

The net loss from our discontinued operations totaled $0.8 million for the three months ended January 31, 2013. Net income in the prior year totaled $0.2 million, and included incremental legal accruals recorded at SCC, offset by $20.5 million of capital loss carry-forwards used on the sale of RSM.

Nine months ended January 31, 2013 compared to January 31, 2012

The net loss from our discontinued operations totaled $6.6 million for the nine months ended January 31, 2013. The net loss in the prior year totaled $74.4 million, and included a $99.7 million pretax goodwill impairment related to the sales of RSM McGladrey, Inc. (RSM) and McGladrey Capital Markets LLC (MCM), as well as off-season operating income earned prior to the sale.

The pretax loss related to the mortgage business included incremental legal accruals and $20.0 million in loss provisions related to SCC's estimated contingent losses for representation and warranty claims in the prior year.

Representation and Warranty Claims

SCC has accrued a liability as of January 31, 2013 for estimated contingent losses arising from representations and warranties on loans and securities it originated and sold, of $118.8 million, which represents SCC's estimate of the probable loss that may occur. Loss payments totaled $11.2 million and $3.3 million for the nine months ended January 31, 2013 and 2012, respectively. These amounts were recorded as reductions of SCC's accrued representation and warranty liability.

See additional discussion in Item 1, note 13 to the consolidated financial statements.

FINANCIAL CONDITION

These comments should be read in conjunction with the consolidated balance sheets and condensed consolidated statements of cash flows found on pages 1 and 3, respectively.

CAPITAL RESOURCES AND LIQUIDITY – Our sources of capital include cash from operations, cash from customer deposits, issuances of common stock and debt. We use capital primarily to fund working capital, pay dividends, repurchase shares of common stock and acquire businesses. Our operations are highly seasonal and therefore generally require the use of cash to fund operating losses during the period from May through mid-January.

Given the likely availability of a number of liquidity options discussed herein, including borrowing capacity under our unsecured committed line of credit (2012 CLOC), we believe that in the absence of any unexpected developments, our existing sources of capital at January 31, 2013 are sufficient to meet our operating needs. See discussions in Item 1, note 7 to the consolidated financial statements for details of our 2012 CLOC and in "Regulatory Environment" below for details of pending regulatory changes.

OPERATING ACTIVITIES – Cash used in operations totaled $1.3 billion for the nine months ended January 31, 2013, compared with $1.4 billion for the same period last year. This decrease is due to lower tax payments and operating losses in the current year, partially offset by the payment of previously accrued legal settlements.

Restricted Cash. We hold certain cash balances that are restricted as to use. Cash and cash equivalents – restricted totaled $38.0 million at January 31, 2013, and primarily consisted of cash held by our captive insurance subsidiary that will be used to pay claims and cash held by HRB Bank required for regulatory compliance.

INVESTING ACTIVITIES – Cash used in investing activities totaled $180.3 million for the current period, compared to cash provided of $323.5 million in the same period last year.

Available-for-Sale Securities. During the nine months ended January 31, 2013, HRB Bank purchased $108.4 million in mortgage-backed securities, compared to $178.0 million in the prior year. Additionally, we received payments as a result of sales or maturing AFS securities of $86.8 million during the nine months ended January 31, 2013 compared to $40.5 million in the prior year.

Mortgage Loans Held for Investment. We received net proceeds of $31.2 million and $35.5 million on our mortgage loans held for investment for the first nine months of fiscal years 2013 and 2012, respectively.

Purchases of Property and Equipment. Total cash paid for property and equipment was $96.1 million and $71.5 million for the nine months ended January 31, 2013 and 2012, respectively. This increase was primarily a result of upgrades to our tax offices.

Acquisitions of Businesses and Intangibles. Total cash paid for acquisitions was $20.7 million and $16.0 million during the nine months ended January 31, 2013 and 2012, respectively.

Sales of Businesses. We had no significant sales during the nine months ended January 31, 2013. Proceeds from the sales of businesses totaled $533.1 million for the nine months ended January 31, 2012, which included proceeds from the sale of RSM and an ancillary business. We also sold 83 tax offices in fiscal year 2012. The majority of these sales were financed through affiliate loans.

Loans Made to Franchisees. Loans made to franchisees totaled $68.9 million and $43.6 million for the nine months ended January 31, 2013 and 2012, respectively.

FINANCING ACTIVITIES – Cash used in financing activities totaled $33.3 million for the nine months ended January 31, 2013, compared to cash provided of $603.8 million in the same period last year, primarily due to the lower customer deposit balances and larger share repurchases in the current year.

Short-Term Borrowings. We had commercial paper borrowings of $425.0 million and $230.9 million at January 31, 2013 and 2012, respectively. These borrowings were used to fund our off-season losses and cover our seasonal working capital needs.

Proceeds from the Issuance of Long-Term Debt. On October 25, 2012, we issued $500.0 million of 5.50% Senior Notes. The Senior Notes are due November 1, 2022, and are not redeemable by the bondholders prior to maturity.

On November 26, 2012 we redeemed our $600.0 million Senior Notes due in January 2013 at a price of $623.0 million. Proceeds of the $500.0 million Senior Notes and other cash balances were used to repay the $600.0 million Senior Notes.

Customer Banking Deposits. Customer banking deposits increased $208.8 million for the nine months ended January 31, 2013 compared to $735.3 million in the prior year. In the current fiscal year, the delayed start to the tax season shifted many of the deposits we receive on Emerald Cards into February.

Dividends. We have consistently paid quarterly dividends. Dividends paid totaled $162.7 million and $150.1 million for the nine months ended January 31, 2013 and 2012, respectively. The increase from the prior year is due to an increase in the quarterly dividend to $0.20 per share compared to $0.15 per share in the prior year, partially offset by a reduction in the number of shares outstanding.

Repurchase and Retirement of Common Stock. We purchased and immediately retired 21.3 million shares of our common stock at a cost of $315.0 million during the nine months ended January 31, 2013. We also paid cash totaling $22.5 million related to 1.5 million shares that had not yet settled and was accrued as of April 30, 2012. During the nine months ended January 31, 2012, we purchased and immediately retired 13.0 million shares of our common stock at a cost of $177.5 million.

In June 2012, our Board of Directors extended the authorization to purchase up to $2.0 billion of our common stock through June 2015. There was $857.5 million remaining under this authorization at January 31, 2013.

HRB BANK – At January 31, 2013, HRB Bank had cash balances of $291.2 million, compared to $513.5 million at April 30, 2012. Distribution of that cash balance would be subject to regulatory approval and it is therefore not available for general corporate purposes.

Block Financial LLC (Block Financial) has historically made capital contributions to HRB Bank to help meet its capital requirements. Block Financial made capital contributions to HRB Bank of $400.0 million during fiscal year 2012. No such contributions were made during the nine months ended January 31, 2013.

ASSETS HELD BY FOREIGN SUBSIDIARIES – At January 31, 2013, cash and short-term investment balances of $38.5 million were held by our foreign subsidiaries. These funds would have to be repatriated to be available to fund domestic operations, and income taxes would be accrued and paid on those amounts. During the current period, a Canadian subsidiary purchased an intangible asset from a U.S. subsidiary and an Australian subsidiary paid a dividend to its U.S. parent. These transactions effectively brought $72.5 million to the U.S. from our foreign subsidiaries.

During previous fiscal years, we used foreign exchange forward contracts to mitigate foreign currency exchange rate risk as we funded our Canadian operations. We do not currently expect to enter into any similar contracts.

BORROWINGS

The following chart provides the debt ratings for Block Financial as of January 31, 2013:

	Short-term	Long-term	Outlook
Moody's	P-2	Baa2	Negative
S&P	A-2	BBB	Negative

Other than the items discussed in Item 1, notes 7 and 11 to the consolidated financial statements, there have been no other material changes in our borrowings from those reported at April 30, 2012 in our Annual Report on Form 10-K.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

Other than the items discussed in Item 1, notes 7 and 11 to the consolidated financial statements, there have been no other material changes in our contractual obligations and commercial commitments from those reported at April 30, 2012 in our Annual Report on Form 10-K.

REGULATORY ENVIRONMENT

The Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act) made extensive changes to the laws regulating banks, holding companies and financial services firms, and requires various federal agencies to adopt a broad range of new implementing rules and regulations and prepare numerous studies and reports for Congress. Among other changes, the Dodd-Frank Act imposes consolidated capital requirements on SLHCs. These requirements may have a significant long term effect on H&R Block, Inc., H&R Block Group, Inc. and Block Financial (our Holding Companies). The Dodd-Frank Act requires the Federal Reserve to promulgate minimum capital requirements for SLHCs, including leverage (Tier 1) and risk-based capital requirements that are no less stringent than those applicable to banks at the time the Dodd-Frank Act was adopted.

On June 7, 2012, the Federal Reserve issued a notice of proposed rulemaking on increased capital requirements, implementing changes required by the Dodd-Frank Act and aspects of the Basel III regulatory capital reforms, portions of which would apply to top-tier SLHCs including H&R Block, Inc. Later in June 2012, the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation (FDIC) joined the Federal Reserve in requesting comments on the notice of proposed rulemaking. The proposed rules include new risk-based capital and leverage ratios including (1) minimum common equity Tier 1 risk-based capital ratio of 4.5%; (2) minimum Tier 1 risk-based capital ratio of 6.0%; (3) minimum total risk-based capital ratio of 8.0%; and (4) minimum Tier 1 capital to adjusted average consolidated assets (leverage ratio) of 4.0%. The proposed rules also require the subtraction of goodwill and other intangibles from GAAP capital for the purposes of calculating Tier 1 capital. The proposed capital requirements for SLHCs, if implemented as proposed, would require us to retain additional capital, restrict our ability to (or the level at which we would be able to) pay dividends and repurchase shares of our common stock and/or alter our strategic plans. As originally proposed, these capital requirements would have been phased in incrementally beginning January 1, 2013, with full implementation to occur by January 1, 2015. However, the Federal Reserve announced on November 9, 2012 that the implementation would be postponed beyond January 1, 2013 to an unspecified date.

The proposed rules also add a requirement for a minimum capital conservation buffer of 2.5% of risk-weighted assets, which would be incremental to each of the above ratios except for the leverage ratio. If implemented as proposed, the conservation buffer would be phased in, starting at 0.625% on January 1, 2016, increasing by that amount each year until fully implemented effective January 1, 2019. The capital conservation buffer would result in the following minimum ratios: (1) a common equity Tier 1 risk-based capital ratio of 7.0%; (2) a Tier 1 risk-based capital ratio of 8.5%; and (3) a total risk-based capital ratio of 10.5%. Failure to maintain a conservation buffer would result in restrictions on capital distributions, which includes dividends and share repurchase activity, and certain discretionary cash bonus payments to executive officers.

The deadline for comment on the proposed rules was October 22, 2012, and various banking associations, industry groups, and individual companies provided comments on the proposed rules to the regulators. We filed a comment letter asking the Federal Reserve to follow the Collins Amendment, which includes provisions that defer the effective date for new minimum capital requirements for SLHCs until July 21, 2015, and make the proposed capital requirements for SLHCs effective no earlier than such date. The regulators will now review the comments and publish final rules, which may vary substantially from the proposed rules. As such, the regulations ultimately applicable to our Holding Companies may be substantially different from the proposed regulations. If such regulations are implemented as proposed, banks and their holding companies, including our Holding Companies, will be subject to higher minimum capital requirements and will be required to hold a greater amount of equity than currently required. We will continue to monitor the rulemaking process for any modifications or clarifications that may be made prior to finalization. There is no assurance that the proposed rules will be adopted in their current form, what changes may be made prior to adoption, when the final rules will be effective, or how the final rules would ultimately affect our business. As discussed below in Part II, Item 1A, “Risk Factors,” we are in the process of evaluating alternative means of ceasing to be an SLHC, in which case we would no longer be subject to regulation by the Federal Reserve as an SLHC.

There have been no other material changes in our regulatory environment from those reported at April 30, 2012 in our Annual Report on Form 10-K.

NON-GAAP FINANCIAL INFORMATION

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with accounting principles generally accepted in the United States (GAAP). Because these measures are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures in other companies.

We consider non-GAAP financial measures to be a useful metric for management and investors to evaluate and compare the ongoing operating performance of our business on a consistent basis across reporting periods, as it eliminates the effect of items that are not indicative of the our core operating performance.

The following are descriptions of adjustments we make for our non-GAAP financial measures:

- We exclude from our non-GAAP financial measures litigation charges we incur and favorable reserve adjustments. This does not include normal legal defense costs.
- We exclude from our non-GAAP financial measures non-cash charges to adjust the carrying values of goodwill, intangible assets, other long-lived assets and investments to their estimated fair values.
- We exclude from our non-GAAP financial measures severance and other restructuring charges in connection with the termination of personnel, closure of facilities and related costs.
- We exclude from our non-GAAP financial measures the gains and losses on business dispositions, including investment banking, legal and accounting fees.
- We exclude from our non-GAAP financial measures the effects of discrete income tax reserve and related adjustments recorded in a specific quarter.

We may consider whether other significant items that arise in the future should also be excluded from our non-GAAP financial measures.

We measure the performance of our business using a variety of metrics, including EBITDA, adjusted EBITDA and adjusted pretax income of continuing operations. We also use EBITDA and pretax income of continuing operations as factors in incentive compensation calculations for our employees. Adjusted EBITDA and adjusted pretax income eliminate the impact of items that we do not consider indicative of our core operating performance and, we believe, provide meaningful information to assist in understanding our financial results, analyzing trends in our underlying business, and assessing our prospects for future performance.

The following is a reconciliation of our non-GAAP financial measures:

(in 000s)

EBITDA and Adjusted EBITDA	Three months ended January 31, 2013	Three months ended January 31, 2012	Nine months ended January 31, 2013	Nine months ended January 31, 2012
EBITDA:				
Net loss from continuing operations – reported	$ (16,915)	$ (3,567)	$ (223,764)	$ (245,735)
Add back:				
Income taxes	(79,353)	2,541	(204,061)	(159,821)
Interest expense	19,428	23,543	64,895	69,352
Depreciation and amortization	24,638	22,506	67,242	66,127
	(35,287)	48,590	(71,924)	(24,342)
EBITDA from continuing operations	(52,202)	45,023	(295,688)	(270,077)
Adjustments:				
Loss contingencies – litigation charges	(190)	4,171	(4,943)	27,528
Impairment of goodwill and intangible assets	–	–	1,421	8,237
Severance	(582)	(190)	475	1,920
Loss (gain) on sales of tax offices	(352)	229	(876)	1,141
	(1,124)	4,210	(3,923)	38,826
Adjusted EBITDA from continuing operations	$ (53,326)	$ 49,233	$ (299,611)	$ (231,251)

(in 000s)

Adjusted Pretax Results	Three months ended January 31, 2013	2012	Nine months ended January 31, 2013	2012
Non-GAAP Pretax Results:				
Pretax loss from continuing operations – reported	$ (96,268)	$ (1,026)	$ (427,825)	$ (405,556)
Adjustments:				
Loss contingencies – litigation charges	(190)	4,171	(4,943)	27,528
Impairment of goodwill and intangible assets	–	–	1,421	8,237
Severance	(582)	(190)	475	1,920
Loss (gain) on sales of tax offices	(352)	229	(876)	1,141
	(1,124)	4,210	(3,923)	38,826
Pretax income (loss) from continuing operations – adjusted	$ (97,392)	$ 3,184	$ (431,748)	$ (366,730)

FORWARD-LOOKING INFORMATION

This report and other documents filed with the SEC may contain forward-looking statements within the meaning of the securities laws. In addition, our senior management may make forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “projects,” “forecasts,” “targets,” “would,” “will,” “should,” “could” or “may” or other similar expressions. Forward-looking statements provide management’s current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, income, earnings per share, capital expenditures, dividends, liquidity, capital structure or other financial items, descriptions of management’s plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the Company’s good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond the Company’s control and which are described in our Annual Report on Form 10-K for the fiscal year ended April 30, 2012 in the section entitled “Risk Factors,” as well as additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. It is not possible to predict or identify all such factors and, consequently, no such list should be considered to be a complete set of all potential risks or uncertainties.

ITEM 3.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

During previous fiscal years, we used foreign exchange forward contracts to mitigate foreign currency exchange rate risk as we funded our Canadian operations. We do not currently expect to enter into any similar contracts.

There have been no material changes in our market risks from those reported at April 30, 2012 in our Annual Report on Form 10-K.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Form 10-Q, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). The controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes during the last fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, see discussion in Part I, Item 1, note 12 to the consolidated financial statements.

ITEM 1A. RISK FACTORS

Other than the risk factors discussed below, there have been no material changes in our risk factors from those reported at April 30, 2012 in our Annual Report on Form 10-K.

Proposed Federal Reserve capital requirements may restrict our capital allocation strategies and we are therefore exploring alternatives to cease being a SLHC. If we were to cease being a SLHC, the means we use to deliver financial products and services to our customers and the profitability of those offerings could be adversely impacted.

Our subsidiary, HRB Bank, is a federal savings bank chartered under the Home Owner's Loan Act of 1933, as amended. Our Holding Companies are SLHCs because they control HRB Bank.

The Dodd-Frank Act requires the Federal Reserve to promulgate minimum capital requirements for SLHCs, including leverage and risk-based capital requirements that are no less stringent than those applicable to insured depository institutions at the time the Dodd-Frank Act was enacted. On June 7, 2012, the Federal Reserve issued a notice of proposed rulemaking on regulatory capital requirements, implementing changes required by the Dodd-Frank Act and aspects of the Basel III regulatory capital reforms, portions of which would apply to our Holding Companies ("Proposed Capital Rules"). The OCC, which regulates HRB Bank, and the FDIC joined the Federal Reserve in requesting comments on the Proposed Capital Rules. The comment period expired on October 22, 2012. We provided formal comments on the Proposed Capital Rules. It is currently unclear what the regulatory capital requirements for SLHCs will be and when such capital requirements will become effective. The Federal Reserve announced on November 9, 2012 that the implementation would be postponed beyond January 1, 2013 to an unspecified date.

In connection with its first examination of the Company, the Federal Reserve Bank of Kansas City, the Company's primary banking regulator, has requested that the Company include in its policies the guidance set forth in Supervisory Letter SR 09-4 (March 27, 2009) regarding the payment of dividends, stock redemptions and stock repurchases by bank holding companies. In Supervisory Letter SR 11-11 (July 21, 2011), the Federal Reserve described the supervisory approach it would use to examine SLHCs and directed examiners to apply the principles of SR 09-4 to SLHCs.

This guidance would require our Holding Companies to retain significant additional capital, even though HRB Bank has regulatory capital substantially above the "well capitalized" level. At this time, we do not foresee regulatory flexibility in this regard in light of the Federal Reserve's views of the statutory requirements

imposed under the Dodd-Frank Act. Accordingly, while our current belief is that dividends at current levels would continue to be permitted as long as HRB Bank remains well capitalized, the Federal Reserve will closely supervise and likely restrict other capital allocation decisions, including stock repurchases, acquisitions, and other forms of strategic investment. We believe that such regulatory constraints are inconsistent with our strategic plans, operational needs, and growth objectives.

We are in the process of evaluating alternative means of ceasing to be an SLHC, in which case we would no longer be subject to regulation by the Federal Reserve as an SLHC. In connection with that evaluation, we are exploring alternatives to continue delivering financial products and services to our customers.

Our evaluation of alternatives is in its early stages and therefore we cannot predict the timing, the circumstances, or the likelihood of us ceasing to be regulated as an SLHC, or whether cessation of SLHC status would have a material adverse effect on our business and our consolidated financial position, results of operations and cash flows.

We face substantial litigation in connection with our various business activities, and such litigation may damage our reputation, impair our product offerings or result in material liabilities and losses.

We, and/or our subsidiaries, have been named and from time to time will likely continue to be named, as a defendant in various legal actions, including arbitrations, class actions, actions or inquiries by state attorneys general, and other litigation arising in connection with our various business activities. Adverse outcomes related to litigation could result in substantial damages and could cause our earnings to decline. Negative public opinion could also result from our subsidiaries' actual or alleged conduct in such claims, possibly damaging our reputation, which, in turn, could adversely affect our business prospects and cause the market price of our stock to decline.

In addition, a state appellate court issued a ruling, which is subject to a pending request for additional appellate review, that a competitor's deferral of tax preparation fees in connection with its refund transfer product was an extension of credit requiring truth in lending disclosures. We believe there are factual and legal differences that distinguish us and our RAC product and, as such, that we are not bound by the court's decision. However, any requirement that materially alters our offering of RACs could have a material adverse impact on our business, results of operations and financial condition.

We rely on a single vendor or a limited number of vendors to provide certain key products or services, and the inability of these key vendors to meet our needs could have a material adverse effect on our business, results of operations and financial condition.

Historically we have contracted, and in the future will continue to contract, with a single vendor or a limited number of vendors to provide support for our tax, financial and other products and services. As with any vendor we utilize, we are vulnerable to vendor error, service inefficiencies, service interruptions or service delays; however, our sensitivity to any of these issues is heightened (1) due to the seasonality of our business, and (2) with respect to any vendor that we utilize for the provision of any such product or service that has specialized expertise, is a sole provider, or whose indemnification obligations are limited. If such a vendor is unable to meet our needs in a timely manner or if the products or services provided by such a vendor are terminated or otherwise delayed because the vendor fails to perform adequately, is no longer in business, experiences shortages, or discontinues a certain product or service that we utilize, or if we are not able to develop alternative sources for these products and services quickly and cost-effectively, it could result in a material and adverse impact on our business, results of operations and financial condition.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

A summary of our purchases of H&R Block common stock during the third quarter of fiscal year 2013 is as follows:

(in 000s, except per share amounts)

	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs [2]	Maximum $ Value of Shares that May Be Purchased Under the Plans or Programs
November 1 – November 30	1	$ 18.05	–	$ 857,504
December 1 – December 31	19	$ 18.59	–	$ 857,504
January 1 – January 31	–	$ –	–	$ 857,504

[1] Total shares of 20 thousand were purchased in connection with the funding of employee income tax withholding obligations arising upon the exercise of stock options or the lapse of restrictions on nonvested shares.
[2] In June 2012, our Board of Directors extended the authorization to purchase up to $2.0 billion of our common stock through June 2015.

ITEM 5. OTHER INFORMATION

(a) The following information is provided in accordance with Item 1.01 of Form 8-K (Entry into a Material Definitive Agreement):

Indemnification Agreement Additional Indemnitees. As previously disclosed in the Company's Quarterly Report on Form 10-Q for the quarter ended January 31, 2012, file number 1-6089, filed on March 7, 2012 (the "March 2012 Form 10-Q"), the Board of Directors of the Company approved a form of indemnification agreement (the "Indemnification Agreement") to be entered into by the Company and certain of its directors and officers (each, an "Indemnitee"). On March 6, 2013, pursuant to approval by the Board of Directors of the Company, the Company entered into an Indemnification Agreement with the following additional Indemnitees:

- Gregory J. Macfarlane, Chief Financial Officer
- Delos "Kip" Knight, President, International

The description of the Indemnification Agreement as set forth in the March 2012 Form 10-Q, and the form of Indemnification Agreement filed as Exhibit 10.2 to the March 2012 Form 10-Q, are incorporated herein by reference.

(b) The following information is provided in accordance with Item 5.02(e) of Form 8-K (Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers):

Amendment to 2013 Long Term Incentive Plan. Effective March 6, 2013, we amended and restated our 2013 Long Term Incentive Plan (the "LTI Plan") to amend Sections 4.2 and 13.5 to permit our Compensation Committee to delegate its authority under the LTI Plan (including the authority to sub-delegate) to (i) except with respect to officers who are designated as executive officers by the Company's Board of Directors under Section 16 of the Securities Act of 1934, determine whether a violation of a restrictive covenant under the LTI Plan occurred, and (ii) if a violation occurred, to demand payment of value already realized under an award and/or cancel or suspend the award in the event of such a violation. A copy of the LTI Plan, as amended and restated, is attached as Exhibit 10.1 hereto and incorporated herein by reference.

Forms of Award Agreement. On March 6, 2013, the Company's Board of Directors adopted new forms of award agreement, based on the recommendation of its Compensation Committee, for long term incentive awards of restricted share units and non-qualified stock options pursuant to the LTI Plan. The award agreements include, among other provisions, termination, change in control, restrictive covenants, and clawback provisions. Copies of the forms of award agreement for restricted share units and non-qualified stock options are filed as Exhibits 10.2 and 10.3, respectively, herewith.

ITEM 6. EXHIBITS

10.1 *	2013 Long Term Incentive Plan, as amended and restated on March 6, 2013.
10.2 *	Form of 2013 Long Term Incentive Plan Award Agreement for Restricted Share Units, as approved on March 6, 2013.
10.3 *	Form of 2013 Long Term Incentive Plan Award Agreement for Non-Qualified Stock Options, as approved on March 6, 2013.
10.4 *	H&R Block Severance Plan, as amended and restated on January 1, 2013.
10.5 *	Letter Agreement between the Company, H&R Block Management, LLC and William C. Cobb, effective January 3, 2013.
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer furnished pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer furnished pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.REF	XBRL Taxonomy Extension Reference Linkbase

* Indicates management contracts, compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

H&R BLOCK, INC.

William C. Cobb
President and Chief Executive Officer
March 7, 2013

Gregory J. Macfarlane
Chief Financial Officer
March 7, 2013

Jeffrey T. Brown
Chief Accounting and Risk Officer
March 7, 2013

Exhibit 10.1

H&R BLOCK, INC.

2013 LONG TERM INCENTIVE PLAN

(Amended and Restated effective March 6, 2013)

H&R Block, Inc. (the "Company"), a Missouri corporation, hereby establishes and adopts the following 2013 Long Term Incentive Plan (the "Plan").

1. PURPOSE OF THE PLAN

The purpose of the Plan is to assist the Company and its Subsidiaries in attracting and retaining selected individuals to serve as employees, directors, consultants and/or advisors who are expected to contribute to the Company's success and to achieve long-term objectives that will benefit shareholders of the Company through the additional incentives inherent in the Awards hereunder.

2. DEFINITIONS

2.1. "*Award*" shall mean any Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit Award, Other Share-Based Award, Performance Award or any other right, interest or option relating to Shares or other property (including cash) granted pursuant to the provisions of the Plan.

2.2. "*Award Agreement*" shall mean any agreement, contract or other instrument or document evidencing any Award hereunder, whether in writing or through an electronic medium.

2.3. "*Board*" shall mean the board of directors of the Company.

2.4. "*Code*" shall mean the Internal Revenue Code of 1986, as amended from time to time.

2.5. "*Committee*" shall mean the Compensation Committee of the Board or a subcommittee thereof formed by the Compensation Committee to act as the Committee hereunder. The Committee shall consist of no fewer than two Directors, each of whom is (a) a "non-employee director" within the meaning of Rule 16b-3 under the Exchange Act, (b) an "outside director" within the meaning of Section 162(m) of the Code, and (c) an "independent director" for purpose of the rules of the principal U.S. national securities exchange on which the Shares are traded, to the extent required by such rules.

2.6. "*Consultant*" shall mean any consultant or advisor who is a natural person and who provides services to the Company or any Subsidiary, so long as such person (a) renders bona fide services that are not in connection with the offer and sale of the Company's securities in a capital-raising transaction, (b) does not directly or indirectly promote or maintain a market for the Company's securities, and (c) otherwise qualifies as a consultant under the applicable rules of the SEC for registration of shares of stock on a Form S-8 registration statement.

2.7. "*Covered Employee*" shall mean an employee of the Company or its Subsidiaries who is a "covered employee" within the meaning of Section 162(m) of the Code.

2.8. "*Director*" shall mean a member of the Board who is not an employee.

2.9. "*Dividend Equivalents*" shall have the meaning set forth in Section 12.5.

2.10. "*Employee*" shall mean any employee of the Company or any Subsidiary and any prospective employee conditioned upon, and effective not earlier than, such person becoming an employee of the Company or any Subsidiary.

2.11. "*Exchange Act*" shall mean the Securities Exchange Act of 1934, as amended.

2.12. "*Fair Market Value*" shall mean, with respect to Shares as of any date, (a) the closing price of the Shares as reported on the principal U.S. national securities exchange on which the Shares are listed and traded on such date, or, if there is no closing price on that date, then on the last preceding date on which such a closing price was reported, (b) if the Shares are not listed on any U.S. national securities exchange but are quoted in an inter-dealer quotation system on a last sale basis, the final ask price of the Shares reported on the inter-dealer quotation system for such date, or, if there is no such sale on such date, then on the last preceding date on which a sale was reported, or (c) if the Shares are neither listed on a U.S. national securities exchange nor quoted on an inter-dealer quotation system on a last sale basis, the amount determined by the Committee to be the fair market value of the Shares as determined by the Committee in its sole discretion. The Fair Market Value of any property other than Shares shall mean the market value of such property determined by such methods or procedures as shall be established from time to time by the Committee.

2.13. "*Incentive Stock Option*" shall mean an Option which when granted is intended to qualify as an incentive stock option for purposes of Section 422 of the Code.

2.14. "*Option*" shall mean any right granted to a Participant under the Plan allowing such Participant to purchase Shares at such price or prices and during such period or periods as the Committee shall determine.

2.15. "*Other Share-Based Award*" shall have the meaning set forth in Section 8.1.

2.16. "*Participant*" shall mean an Employee, Director or Consultant who is selected by the Committee to receive an Award under the Plan.

2.17. "*Performance Award*" shall mean any Award of Performance Cash, Performance Share Units or Performance Units granted pursuant to Section 9.

2.18. "*Performance Cash*" shall mean any cash incentives granted pursuant to Section 9 payable to the Participant upon the achievement of such performance goals as the Committee shall establish.

2.19. "*Performance Period*" shall mean the period established by the Committee during which any performance goals specified by the Committee with respect to a Performance Award are to be measured.

2.20. "*Performance Share Unit*" shall mean any grant pursuant to Section 9 of a unit valued by reference to a designated number of Shares, which value may be paid to the Participant upon achievement of such performance goals as the Committee shall establish.

2.21. "*Performance Unit*" shall mean any grant pursuant to Section 9 of a unit valued by reference to a designated amount of cash or property other than Shares, which value may be paid to the Participant upon achievement of such performance goals during the Performance Period as the Committee shall establish.

2.22. "*Permitted Assignee*" shall have the meaning set forth in Section 12.3.

2.23. "*Prior Plans*" shall mean, collectively, the Company's 2003 Long-Term Executive Compensation Plan and 2008 Deferred Stock Unit Plan for Outside Directors.

2.24. "*Restricted Share*" shall mean any Share issued with the restriction that the holder may not sell, transfer, pledge or assign such Share and with such other restrictions as the Committee, in its sole discretion, may impose, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.25. "*Restricted Share Award*" shall have the meaning set forth in Section 7.1.

2.26 "*Restricted Share Unit"* means an Award that is valued by reference to a Share, which value may be paid to the Participant in Shares or cash as determined by the Committee in its sole discretion upon the satisfaction of vesting restrictions as the Committee may establish, which restrictions may lapse separately or in combination at such time or times, in installments or otherwise, as the Committee may deem appropriate.

2.27 "*Restricted Share Unit Award*" shall have the meaning set forth in Section 7.1.

2.28. "*SEC*" means the Securities and Exchange Commission.

2.29. "*Shares*" shall mean the shares of common stock of the Company, without par value.

2.30. "*Stock Appreciation Right*" shall mean the right granted to a Participant pursuant to Section 6.

2.31. "*Subsidiary*" shall mean any corporation (other than the Company), limited liability company, partnership, or other form of business entity in an unbroken chain of such entities beginning with the Company if, at the relevant time each of the entities other than the last entity in the unbroken chain owns stock or other similar ownership interests possessing 50% or more of the total combined voting power of all classes of stock or other similar ownership interests in one of the other entities in the chain.

2.32. "*Substitute Awards*" shall mean Awards granted or Shares issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, in each case by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

2.33. "*Vesting Period*" shall mean the period of time specified by the Committee or Board during which vesting restrictions for an Award are applicable.

3. SHARES SUBJECT TO THE PLAN

3.1 *Number of Shares*. (a) Subject to adjustment as provided in Section 12.2, a total of 12,000,000 Shares shall be authorized for Awards granted under the Plan. After the effective date of the Plan (as provided in Section 13.13), no awards may be granted under any Prior Plan.

(b) If (i) any Shares subject to an Award are forfeited, an Award expires or otherwise terminates without issuance of Shares, or an Award is settled for cash (in whole or in part) or otherwise does not result in the issuance of all or a portion of the Shares subject to such Award (including on payment in Shares on exercise of a Stock Appreciation Right), such Shares shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for grant under the Plan, or (ii) any Shares subject to an award under the Prior Plans are forfeited, an award under the Prior Plans expires or otherwise terminates without issuance of such Shares, or an award under the Prior Plans is settled for cash (in whole or in part), or otherwise does not result in the issuance of all or a portion of the Shares subject to such award (including on payment in Shares on exercise of a stock appreciation right), then in each such case the Shares subject to the Award or award under the Prior Plans shall, to the extent of such forfeiture, expiration, termination, cash settlement or non-issuance, again be available for grant under the Plan on a one-for-one basis.

(c) In the event that (i) any Option or other Award granted hereunder is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, or (ii) withholding tax liabilities arising from such Option or other Award are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then in each such case the Shares so tendered or withheld shall be available for grant under the Plan on a one-for-one basis. In the event that (i) any option or award granted under the Prior Plans is exercised through the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, or (ii) withholding tax liabilities arising from such options or awards are satisfied by the tendering of Shares (either actually or by attestation) or by the withholding of Shares by the Company, then in each such case the Shares so tendered or withheld shall be available for grant under the Plan on a one-for-one basis.

(d) Substitute Awards shall not reduce the Shares authorized for grant under the Plan or the applicable limitations for grant to a Participant under Section 10.5, nor shall Shares subject to a Substitute Award again be available for Awards under the Plan as provided in Sections 3.1(b) and (c) above. Additionally, in the event that a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines has shares available under a pre-existing plan approved by shareholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities that are parties to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the Shares authorized for grant under the Plan; provided that Awards using such available shares

shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, and shall only be made to individuals who were not Employees or Directors prior to such acquisition or combination.

3.2. *Character of Shares*. Any Shares issued hereunder may consist, in whole or in part, of authorized and unissued shares, treasury shares or shares purchased in the open market or otherwise.

4. ELIGIBILITY AND ADMINISTRATION

4.1. *Eligibility*. Any Employee, Director or Consultant shall be eligible to be selected as a Participant.

4.2. *Administration*. (a) Except with respect to any authority, duties or responsibilities that the Committee is permitted and elects to delegate hereunder, the Plan shall be administered by the Committee. The Committee shall have full power and authority, subject to the provisions of the Plan and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board, to: (i) select the Employees, Directors and Consultants to whom Awards may from time to time be granted hereunder; (ii) determine the type or types of Awards to be granted to each Participant hereunder; (iii) determine the number of Shares (or dollar value) to be covered by each Award granted hereunder; (iv) determine the terms and conditions, not inconsistent with the provisions of the Plan, of any Award granted hereunder; (v) determine whether, to what extent and under what circumstances Awards may be settled in cash, Shares or other property; (vi) determine whether, to what extent, and under what circumstances cash, Shares, other property and other amounts payable with respect to an Award made under the Plan shall be deferred either automatically or at the election of the Participant; (vii) determine whether, to what extent and under what circumstances any Award shall be canceled or suspended; (viii) interpret and administer the Plan and any instrument or agreement entered into under or in connection with the Plan, including any Award Agreement; (ix) correct any defect, supply any omission or reconcile any inconsistency in the Plan or any Award in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (x) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; (xi) determine whether any Award, other than an Option or Stock Appreciation Right, will include Dividend Equivalents; and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(b) Decisions of the Committee shall be final, conclusive and binding on all persons or entities, including the Company, any Participant, and any Subsidiary. A majority of the members of the Committee may determine its actions, including fixing the time and place of its meetings.

(c) To the extent not inconsistent with applicable law (including without limitation applicable state laws) Section 162(m) of the Code with respect to Awards intended to comply with the performance-based compensation exception under Section 162(m), and the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded, the Committee may (i) delegate to a committee of one or more Directors of the Company, or such higher number as may be required under applicable law, any of the authority of the

Committee under the Plan, including the right to grant, cancel or suspend Awards, (ii) delegate to one or more executive officers the Committee's authority, duties and responsibilities relating to the Company's right to prevent, enforce or remedy affirmative or restrictive covenants contained in any Award, as set forth in Section 13.5(b), including the authority for such executive officer(s) to further delegate such authority, duties and responsibilities to any other individual or entity, whether or not such person or entity is employed by, an officer of, or affiliated with the Company and (iii) authorize one or more executive officers to do one or more of the following with respect to Employees who are not directors or executive officers of the Company to the extent permissible under applicable law: (A) designate Employees to be recipients of Awards, (B) determine the number of Shares subject to such Awards to be received by such Employees and (C) cancel or suspend Awards to such Employees; provided that (x) any resolution of the Committee authorizing such officer(s) must specify the total number of Shares subject to Awards that such officer(s) may so award and (y) the Committee may not authorize any officer to designate himself or herself as the recipient of an Award.

5. OPTIONS

5.1. *Grant*. Options may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Any Option shall be subject to the terms and conditions of this Section 5 and to such additional terms and conditions, not inconsistent with the provisions of the Plan, as the Committee shall deem desirable.

5.2. *Award Agreements.* All Options shall be evidenced by an Award Agreement in such form and containing such terms and conditions as the Committee or Board shall determine which are not inconsistent with the provisions of the Plan. The terms and conditions of Options need not be the same with respect to each Participant. Granting an Option pursuant to the Plan shall impose no obligation on the recipient to exercise such Option. Any individual who is granted an Option pursuant to this Section 5 may hold more than one Option granted pursuant to the Plan at the same time.

5.3. *Option Price*. Other than in connection with Substitute Awards, the option price per each Share purchasable under any Option granted pursuant to this Section 5 shall not be less than 100% of the Fair Market Value of one Share on the date of grant of such Option; provided, however, that in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Subsidiary, the option price per share shall be no less than 110% of the Fair Market Value of one Share on the date of grant. Other than pursuant to Section 12.2, the Committee shall not without the approval of the Company's shareholders (a) lower the option price per Share of an Option after it is granted, (b) cancel an Option when the option price per Share exceeds the Fair Market Value of one Share in exchange for cash, another Award or other consideration (other than in connection with a Change in Control as defined in Section 11.3), or (c) take any other action with respect to an Option that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

5.4. *Option Term.* The term of each Option shall be fixed by the Committee in its sole discretion; provided that no Option shall be exercisable after the expiration of ten (10) years from the date the Option is granted, except in the event of death or disability; provided, however,

that the term of the Option shall not exceed five (5) years from the date the Option is granted in the case of an Incentive Stock Option granted to a Participant who, at the time of the grant, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Subsidiary. Notwithstanding the foregoing, in the event that on the last business day of the term of an Option (a) the exercise of the Option, other than an Incentive Stock Option, is prohibited by applicable law or (b) Shares may not be purchased or sold by certain Employees or Directors due to the "black-out period" of a Company policy or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term shall be extended for a period of thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement.

5.5. *Vesting of Options.* The Award Agreement shall specify when Options vest and become exercisable. Except for Substitute Awards, the death, disability or retirement of the Participant, or special circumstances determined by the Committee, Options shall have a Vesting Period of not less than (a) twenty-four (24) months from date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or a Subsidiary and (b) one year from the date of grant if subject to the achievement of performance objectives, subject in either case to accelerated vesting in the Committee's discretion in the event of a Change in Control (as defined in Section 11.3) if the Options are not assumed, substituted for or continued as provided in Section 11.2. Notwithstanding the foregoing, the restrictions in the preceding sentence shall not be applicable to (x) grants to new hires to replace forfeited awards from a prior employer or (y) grants in payment of Performance Awards and other earned cash-based incentive compensation. The minimum Vesting Period requirements of this Section shall not apply to Options granted to Directors or Consultants.

5.6. *Exercise of Options*. (a) Vested Options granted under the Plan shall be exercised by the Participant or by a Permitted Assignee thereof (or the Participant's executors, administrators, guardian or legal representative, to the extent provided in an Award Agreement) as to all or part of the Shares covered thereby, by giving notice of exercise to the Company or its designated agent, specifying the number of Shares to be purchased. The notice of exercise shall be in such form, made in such manner, and shall comply with such other requirements consistent with the provisions of the Plan as the Committee, or any representative authorized by the Committee, may prescribe from time to time.

(b) Unless otherwise provided in an Award Agreement, full payment of such purchase price shall be made at the time of exercise and shall be made (i) in cash or cash equivalents (including certified check or bank check or wire transfer of immediately available funds), (ii) by tendering previously acquired Shares (either actually or by attestation) valued at their then Fair Market Value, (iii) with the consent of the Committee, by delivery of other consideration having a Fair Market Value on the exercise date equal to the total purchase price, (iv) with the consent of the Committee, by withholding Shares otherwise issuable in connection with the exercise of the Option, (v) through any other method specified in an Award Agreement (including same-day sales through a broker), or (vi) any combination of any of the foregoing. The notice of exercise, accompanied by such payment, shall be delivered to the Company or its designated agent at its principal business office or such other office as the Committee may from time to time direct, and shall be in such form, containing such further provisions consistent with the provisions of the Plan, as the Committee may from time to time prescribe. In no event may any Option granted hereunder be exercised for a fraction of a Share.

(c) Notwithstanding the foregoing, an Award Agreement may provide that if, on the last day of the term of an Option, the Fair Market Value of one Share exceeds the option price per Share, the Participant has not exercised the Option (or a tandem Stock Appreciation Right, if applicable) and the Option has not expired, the Option shall be deemed to have been exercised by the Participant on such day with payment made by withholding Shares otherwise issuable in connection with the exercise of the Option. In such event, the Company shall deliver to the Participant the number of Shares for which the Option was deemed exercised, less the number of Shares required to be withheld for the payment of the total purchase price and required withholding taxes; provided, however, any fractional Share shall be settled in cash.

5.7. *Form of Settlement*. In its sole discretion, the Committee may provide that the Shares to be issued upon an Option's exercise shall be in the form of Restricted Shares or other similar securities.

5.8. *Incentive Stock Options.* The Committee may grant Incentive Stock Options to any Employee, subject to the requirements of Section 422 of the Code. Solely for purposes of determining whether Shares are available for the grant of Incentive Stock Options under the Plan, the maximum aggregate number of Shares that may be issued pursuant to Incentive Stock Options granted under the Plan shall be 12,000,000 Shares, subject to adjustment as provided in Section 12.2.

6. STOCK APPRECIATION RIGHTS

6.1. *Grant and Vesting.*

(a) The Committee may grant Stock Appreciation Rights (i) in tandem with all or part of any Option granted under the Plan or at any subsequent time during the term of such Option, (ii) in tandem with all or part of any Award (other than an Option) granted under the Plan or at any subsequent time during the term of such Award, or (iii) without regard to any Option or other Award in each case upon such terms and conditions as the Committee may establish in its sole discretion.

(b) The Award Agreement shall specify when Stock Appreciation Rights vest and become exercisable. Except for Substitute Awards, the death, disability or retirement of the Participant, or special circumstances determined by the Committee, Stock Appreciation Rights shall have a Vesting Period of not less than (i) twenty-four (24) months from date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or a Subsidiary and (ii) one year from the date of grant if subject to the achievement of performance objectives, subject in either case to accelerated vesting in the Committee's discretion in the event of a Change in Control (as defined in Section 11.3) if the Stock Appreciation Rights are not assumed, substituted for or continued as provided in Section 11.2. Notwithstanding the foregoing, the restrictions in the preceding sentence shall not be applicable to (x) grants to new hires to replace forfeited awards from a prior employer or (y) grants in payment of Performance Awards and other earned cash-based incentive compensation. The minimum Vesting Period requirements of this Section shall not apply to Stock Appreciation Rights granted to Directors or Consultants.

6.2. *Terms and Conditions*. Stock Appreciation Rights shall be subject to such terms and conditions, not inconsistent with the provisions of the Plan, as shall be determined from time to time by the Committee, including the following:

(a) Upon the exercise of a Stock Appreciation Right, the holder shall have the right to receive the excess of (i) the Fair Market Value of one Share on the date of exercise (or such amount less than such Fair Market Value as the Committee shall so determine at any time during a specified period before the date of exercise) over (ii) the grant price of the Stock Appreciation Right.

(b) The Committee shall determine in its sole discretion whether payment on exercise of a Stock Appreciation Right shall be made in cash, in whole Shares or other property, or any combination thereof.

(c) The terms and conditions of Stock Appreciation Rights need not be the same with respect to each recipient.

(d) The Committee may impose such other terms and conditions on the exercise of any Stock Appreciation Right, as it shall deem appropriate. A Stock Appreciation Right shall (i) have a grant price per Share of not less than the Fair Market Value of one Share on the date of grant or, if applicable, on the date of grant of an Option with respect to a Stock Appreciation Right granted in exchange for or in tandem with, but subsequent to, the Option (subject to the requirements of Section 409A of the Code) except in the case of Substitute Awards or in connection with an adjustment provided in Section 12.2, and (ii) have a term not greater than ten (10) years, except in the event of death or disability. Notwithstanding clause (ii) of the preceding sentence, in the event that on the last business day of the term of a Stock Appreciation Right (x) the exercise of the Stock Appreciation Right is prohibited by applicable law or (y) Shares may not be purchased or sold by certain Employees or Directors due to the "black-out period" of a Company policy or a "lock-up" agreement undertaken in connection with an issuance of securities by the Company, the term shall be extended for a period of thirty (30) days following the end of the legal prohibition, black-out period or lock-up agreement.

(e) An Award Agreement may provide that if, on the last day of the term of a Stock Appreciation Right, the Fair Market Value of one Share exceeds the grant price per Share of the Stock Appreciation Right, the Participant has not exercised the Stock Appreciation Right or the tandem Option (if applicable), and the Stock Appreciation Right has not otherwise expired, the Stock Appreciation Right shall be deemed to have been exercised by the Participant on such day. In such event, the Company shall make payment to the Participant in accordance with this Section, reduced by the number of Shares (or cash) required for withholding taxes; any fractional Share shall be settled in cash.

(f) Without the approval of the Company's shareholders, other than pursuant to Section 12.2, the Committee shall not (i) reduce the grant price of any Stock Appreciation Right after the date of grant, (ii) cancel any Stock Appreciation Right when the grant price per Share exceeds the Fair Market Value of one Share in exchange for cash, another Award or other consideration (other than in connection with a Change in Control as defined in Section 11.3), or (iii) take any other action with respect to a Stock Appreciation Right that would be treated as a repricing under the rules and regulations of the principal U.S. national securities exchange on which the Shares are listed.

7. RESTRICTED SHARES AND RESTRICTED SHARE UNITS

7.1. *Grants*. Awards of Restricted Shares and of Restricted Share Units may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan (a "Restricted Share Award" or "Restricted Share Unit Award" respectively), and such Restricted Share Awards and Restricted Share Unit Awards shall also be available as a form of payment of Performance Awards and other earned cash-based incentive compensation. The Committee has absolute discretion to determine whether any consideration (other than services) is to be received by the Company or any Subsidiary as a condition precedent to the grant of Restricted Shares or Restricted Share Units, subject to such minimum consideration as may be required by applicable law.

7.2. *Award Agreements.* The terms of any Restricted Share Award or Restricted Share Unit Award granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee or Board and not inconsistent with the Plan. The terms of Restricted Share Awards and Restricted Share Unit Awards need not be the same with respect to each Participant.

7.3. *Rights of Holders of Restricted Shares and Restricted Share Units.*

(a) Unless otherwise provided in the Award Agreement, beginning on the date of grant of the Restricted Share Award and subject to execution of the Award Agreement, the Participant shall become a shareholder of the Company with respect to all Shares subject to the Award Agreement and shall have all of the rights of a shareholder, including the right to vote such Shares and the right to receive distributions made with respect to such Shares, except as otherwise provided in this Section.

(b) A Participant who holds a Restricted Share Unit Award shall only have those rights specifically provided for in the Award Agreement; provided, however, in no event shall the Participant have voting rights with respect to such Award.

(c) Except as otherwise provided in an Award Agreement, any Shares or any other property distributed as a dividend or otherwise with respect to any Restricted Share Award or Restricted Share Unit Award as to which the restrictions have not yet lapsed shall be subject to the same restrictions as such Restricted Share Award or Restricted Share Unit Award, and the Committee shall have the sole discretion to determine whether, if at all, any cash-denominated amount that is subject to such restrictions shall earn interest and at what rate. Notwithstanding the provisions of this Section, cash dividends, stock and any other property (other than cash) distributed as a dividend or otherwise with respect to any Restricted Share Award or Restricted Share Unit Award that vests based on achievement of performance goals shall either (i) not be paid or credited or (ii) be accumulated, shall be subject to restrictions and risk of forfeiture to the same extent as the Restricted Shares or Restricted Share Units with respect to which such cash, stock or other property has been distributed, and shall be paid at the time such restrictions and risk of forfeiture lapse.

7.4. *Vesting Period.* The Award Agreement shall specify the Vesting Period for Restricted Share Awards or Restricted Share Unit Awards. Except for Substitute Awards, the death, disability or retirement of the Participant, or special circumstances determined by the Committee, Restricted Share Awards and Restricted Share Unit Awards shall have a Vesting Period of not less than (a) twenty-four (24) months from date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or a Subsidiary and (b) one year from the date of grant if subject to the achievement of performance objectives, subject in either case to accelerated vesting in the Committee's discretion in the event of a Change in Control (as defined in Section 11.3) if the Restricted Share Awards or Restricted Share Unit Awards are not assumed, substituted for or continued as provided in Section 11.2. Notwithstanding the foregoing, the restrictions in the preceding sentence shall not be applicable to (x) grants to new hires to replace forfeited awards from a prior employer or (y) grants in payment of Performance Awards and other earned cash-based incentive compensation. The minimum Vesting Period requirements of this Section shall not apply to Restricted Share Awards or Restricted Share Unit Awards granted to Directors or Consultants.

7.5 *Issuance of Shares.* Any Restricted Shares granted under the Plan may be evidenced in such manner as the Board may deem appropriate, including book-entry registration or issuance of a stock certificate or certificates, which certificate or certificates shall be held by the Company. Such book entry registration, certificate or certificates shall be registered in the name of the Participant and shall bear an appropriate legend referring to the restrictions applicable to such Restricted Shares.

8. OTHER SHARE-BASED AWARDS

8.1. *Grants*. Other Awards of Shares and other Awards that are valued in whole or in part by reference to, or are otherwise based on, Shares or other property ("Other Share-Based Awards"), including deferred stock units, may be granted hereunder to Participants either alone or in addition to other Awards granted under the Plan. Other Share-Based Awards shall also be available as a form of payment of other Awards granted under the Plan and other earned cash-based compensation.

8.2. *Award Agreements.* The terms of Other Share-Based Awards granted under the Plan shall be set forth in an Award Agreement which shall contain provisions determined by the Committee and that are not inconsistent with the Plan. The terms of such Awards need not be the same with respect to each Participant. Notwithstanding the provisions of this Section 8, Dividend Equivalents with respect to the Shares covered by an Other Share-Based Award that vests based on achievement of performance goals shall be subject to restrictions and risk of forfeiture to the same extent as the Shares covered by an Other Share-Based Award with respect to which such cash, stock or other property has been distributed.

8.3. *Vesting Period.* The Award Agreement shall specify the Vesting Period for Other Share-Based Awards. Except for Substitute Awards, the death, disability or retirement of the Participant, or special circumstances determined by the Committee, Other Share-Based Awards shall have a Vesting Period of not less than (a) twenty-four (24) months from date of grant (but permitting pro rata vesting over such time) if subject only to continued service with the Company or a Subsidiary and (b) one year from the date of grant if subject to the achievement of performance objectives, subject in either case to accelerated vesting in the Committee's

discretion in the event of a Change in Control (as defined in Section 11.3) if the Other Share-Based Awards are not assumed, substituted for or continued as provided in Section 11.2. Notwithstanding the foregoing, the restrictions in the preceding sentence shall not be applicable to (x) grants to new hires to replace forfeited awards from a prior employer or (y) grants of Other Share-Based Awards in payment of Performance Awards and other earned cash-based incentive compensation. The minimum Vesting Period requirements of this Section shall not apply to Other Share-Based Awards granted to Directors or Consultants.

8.4. *Payment*. Except as may be provided in an Award Agreement, Other Share-Based Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee. Other Share-Based Awards may be paid in a lump sum or in installments or, in accordance with procedures established by the Committee, on a deferred basis subject to the requirements of Section 409A of the Code.

9. PERFORMANCE AWARDS

9.1. *Grants*. Performance Awards in the form of Performance Cash, Performance Share Units or Performance Units, as determined by the Committee in its sole discretion, may be granted hereunder to Participants, for no consideration or for such minimum consideration as may be required by applicable law, either alone or in addition to other Awards granted under the Plan. The performance goals to be achieved for each Performance Period shall be conclusively determined by the Committee or Board and may be based upon the criteria set forth in Section 10.2 or such other criteria as determined by the Committee in its discretion.

9.2. *Award Agreements.* The terms of any Performance Award granted under the Plan shall be set forth in an Award Agreement (or, if applicable, in a resolution duly adopted by the Committee) which shall contain provisions determined by the Committee or Board and that are not inconsistent with the Plan, including whether such Awards shall have Dividend Equivalents. The terms of Performance Awards need not be the same with respect to each Participant.

9.3. *Terms and Conditions.* The performance criteria to be achieved during any Performance Period and the length of the Performance Period shall be determined by the Committee or Board upon the grant of each Performance Award; provided, however, that a Performance Period shall not be shorter than one year unless the Award is not payable in Shares. The amount of the Award to be distributed shall be conclusively determined by the Committee or Board.

9.4. *Payment.* Except as provided in Section 11, as provided by the Committee or Board or as may be provided in an Award Agreement, Performance Awards will be distributed only after the end of the relevant Performance Period. Performance Awards may be paid in cash, Shares, other property, or any combination thereof, in the sole discretion of the Committee or Board. Performance Awards may be paid in a lump sum or in installments following the close of the Performance Period or, in accordance with procedures established by the Committee or Board, on a deferred basis subject to the requirements of Section 409A of the Code.

10. CODE SECTION 162(m) PROVISIONS

10.1. *Covered Employees*. Notwithstanding any other provision of the Plan, if the Committee determines at the time a Restricted Share Award, a Restricted Share Unit Award, a Performance Award or an Other Share-Based Award is granted to a Participant who is, or may be, as of the end of the tax year in which the Company would claim a tax deduction in connection with such Award, a Covered Employee, then the Committee may provide that this Section 10 is applicable to such Award.

10.2. *Performance Criteria.*

(a) If the Committee determines that a Restricted Share Award, a Restricted Share Unit, a Performance Award, an Other Share-Based Award or any other Award is intended to be subject to this Section 10, the lapsing of restrictions thereon and the distribution of cash, Shares or other property pursuant thereto, as applicable, shall be subject to the achievement of one or more objective performance goals established by the Committee, which shall be based on the attainment of specified levels of one or any combination of the following: sales (including comparable sales); net sales; return on sales; revenue, net revenue, product revenue or system-wide revenue (including growth of such revenue measures); operating income (before or after taxes); pre- or after-tax income or loss (before or after allocation of corporate overhead and bonus); earnings or loss per share; net income or loss (before or after taxes); return on equity (including average return on equity); total shareholder return (or any element of shareholder return); return on assets or net assets; the price of the Shares or any other publicly-traded securities of the Company; total number of clients; number of new clients; client retention; total tax returns prepared; market share; gross profits; gross or net profit margin; gross profit growth; net operating profit (before or after taxes); operating earnings; earnings or losses or net earnings or losses (including earnings or losses before taxes, before interest and taxes, or before interest, taxes, depreciation and amortization); earnings or losses margin percentage or net earnings or losses margin percentage; economic value-added models or equivalent metrics; comparisons with various stock market indices; reductions in costs; cash flow (including operating cash flow and free cash flow) or cash flow per share (before or after dividends); return on capital (including return on total capital or return on invested capital); cash flow return on investment; cash flow return on capital; improvement in or attainment of expense levels or working capital levels, including cash, inventory and accounts receivable; general and administrative expense savings; inventory control; operating margin; gross margin; year-end cash; cash margin; debt reduction; shareholders equity; operating efficiencies; cost reductions or savings; market share; customer satisfaction; customer growth; customer retention; employee satisfaction; productivity or productivity ratios; regulatory achievements (including submitting or filing applications or other documents with regulatory authorities or receiving approval of any such applications or other documents); strategic partnerships or transactions (including in-licensing and out-licensing of intellectual property; establishing relationships with commercial entities with respect to the marketing, distribution and sale of the Company's products (including with group purchasing organizations, distributors and other vendors); co-development, co-marketing, profit sharing, joint venture or other similar arrangements); financial ratios, including those measuring liquidity, activity, profitability or leverage; cost of capital or assets under management; financing and other capital raising transactions (including sales of the Company's equity or debt securities; debt level; year-end cash position; book value; factoring transactions; competitive market metrics; timely completion of new product roll-outs; timely launch of new facilities (such as new store

openings, gross or net); sales or licenses of the Company's assets, including its intellectual property, whether in a particular jurisdiction or territory or globally; or through partnering transactions); royalty income; implementation, completion or attainment of measurable objectives with respect to research, development, manufacturing, commercialization, products or projects, production volume levels, acquisitions and divestitures, succession and hiring projects, reorganization and other corporate transactions, expansions of specific business operations and meeting divisional or project budgets; factoring transactions; and recruiting and maintaining personnel.

(b) The performance goals specified in Section 10.2(a) also may be based solely by reference to the Company's consolidated performance, performance of the Company's continuing operations, or the performance of a Subsidiary, division, business segment or business unit of the Company, or based upon the performance of the Company relative to performance of other companies or upon comparisons of any of the indicators of Company performance relative to performance of other companies.

(c) When determining the specific metrics applicable to the performance goals specified in Section 10.2(a), and calculating the actual results related thereto, the Committee may exclude the impact of an event or occurrence which the Committee determines should appropriately be excluded, including without limitation (i) restructurings, performance attributable to discontinued operations, extraordinary items, and other unusual or non-recurring charges, (ii) any event either not directly related to the operations of the Company, Subsidiary, division, business segment or business unit or not within the reasonable control of management, or (iii) the cumulative effects of tax or accounting changes in accordance with U.S. generally accepted accounting principles.

(d) Such performance goals shall be set by the Committee within the time period prescribed by, and shall otherwise comply with the requirements of, Section 162(m) of the Code, and the regulations thereunder.

10.3. *Adjustments*. Notwithstanding any provision of the Plan (other than Section 11), with respect to any Restricted Share Award, Restricted Share Unit Award, Performance Award or Other Share-Based Award that is subject to this Section 10, the Committee may adjust downwards, but not upwards, the amount payable pursuant to such Award, and the Committee may not waive the achievement of the applicable performance goals except to the extent permitted by Section 162(m) of the Code and the regulations thereunder without causing the Award to cease to be performance-based.

10.4. *Restrictions*. The Committee shall have the power to impose such other restrictions on Awards subject to this Section 10 as it may deem necessary or appropriate to ensure that such Awards satisfy all requirements for "performance-based compensation" within the meaning of Section 162(m) of the Code.

10.5. *Limitations on Grants to Individual Participants*. Subject to adjustment as provided in Section 12.2, no Participant may be granted (a) Options or Stock Appreciation Rights during any 36-month period with respect to more than 5,000,000 Shares or (b) Restricted Share Awards, Restricted Share Unit Awards, Performance Awards and/or Other Share-Based Awards during any calendar year that are intended to comply with the performance-based

exception under Code Section 162(m) and are denominated in Shares under which more than 1,000,000 Shares may be earned for each twelve (12) months in the Vesting Period or Performance Period. During any calendar year, no Participant may be granted Performance Awards that are intended to comply with the performance-based exception under Code Section 162(m) and are denominated in cash under which more than $3,000,000 may be earned for each twelve (12) months in the Performance Period. Each of the limitations in this section shall be multiplied by two (2) with respect to Awards granted to a Participant during the first calendar year in which the Participant commences employment with the Company and its Subsidiaries. If an Award is cancelled, the cancelled Award shall continue to be counted toward the applicable limitation in this section.

11. CHANGE IN CONTROL PROVISIONS

11.1. *Impact on Certain Awards.* The Committee may, in Award Agreements or otherwise, provide that in the event of a Change in Control of the Company (as defined in Section 11.3) (a) Options and Stock Appreciation Rights outstanding as of the date of the Change in Control shall be cancelled and terminated without payment if the Fair Market Value of one Share as of the date of the Change in Control is less than the per Share Option exercise price or Stock Appreciation Right grant price, and (b) all Performance Awards shall be (i) considered to be earned and payable based on achievement of performance goals or based on target performance (either in full or pro rata based on the portion of Performance Period completed as of the date of the Change in Control), and any limitations or other restrictions shall lapse and such Performance Awards shall be immediately settled or distributed or (ii) converted into Restricted Share or Restricted Share Unit Awards based on achievement of performance goals or based on target performance (either in full or pro rata based on the portion of Performance Period completed as of the date of the Change in Control) that are subject to Section 11.2.

11.2. *Assumption or Substitution of Certain Awards.* (a) Unless otherwise provided in an Award Agreement, in the event of a Change in Control of the Company in which the successor company assumes or substitutes for an Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and continues the Award), if a Participant's employment with such successor company (or the Company) or a subsidiary thereof terminates within 24 months following such Change in Control (or such other period set forth in the Award Agreement, including prior to the Change in Control if applicable) and under the circumstances specified in the Award Agreement (i) Options and Stock Appreciation Rights outstanding as of the date of such termination of employment will immediately vest, become fully exercisable, and may thereafter be exercised for 24 months (or the period of time set forth in the Award Agreement), (ii) the restrictions, limitations and other conditions applicable to Restricted Shares and Restricted Share Units outstanding as of the date of such termination of employment shall lapse and the Restricted Shares and Restricted Share Units shall become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, limitations and other conditions applicable to any Other Share-Based Awards or any other Awards shall lapse, and such Other Share-Based Awards or such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant. For the purposes of this Section 11.2, an Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit Award or Other Share-Based Award shall be considered assumed or substituted for if following the Change in Control the Award confers the

right to purchase or receive, for each Share subject to the Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit Award or Other Share-Based Award immediately prior to the Change in Control, the consideration (whether stock, cash or other securities or property) received in the transaction constituting a Change in Control by holders of Shares for each Share held on the effective date of such transaction (and if holders were offered a choice of consideration, the type of consideration chosen by the holders of a majority of the outstanding Shares); provided, however, that if such consideration received in the transaction constituting a Change in Control is not solely common stock of the successor company, the Committee may, with the consent of the successor company, provide that the consideration to be received upon the exercise or vesting of an Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit Award or Other Share-Based Award, for each Share subject thereto, will be solely common stock of the successor company with a fair market value substantially equal to the per Share consideration received by holders of Shares in the transaction constituting a Change in Control. The determination of whether fair market value is substantially equal shall be made by the Committee in its sole discretion and its determination shall be conclusive and binding.

(b) Unless otherwise provided in an Award Agreement, in the event of a Change in Control of the Company to the extent the successor company does not assume or substitute for an Option, Stock Appreciation Right, Restricted Share Award, Restricted Share Unit Award or Other Share-Based Award (or in which the Company is the ultimate parent corporation and does not continue the Award), then immediately prior to the Change in Control: (i) those Options and Stock Appreciation Rights outstanding as of the date of the Change in Control that are not assumed or substituted for (or continued) shall immediately vest and become fully exercisable, (ii) restrictions, limitations and other conditions applicable to Restricted Share and Restricted Share Units that are not assumed or substituted for (or continued) shall lapse and the Restricted Share and Restricted Share Units shall become free of all restrictions, limitations and conditions and become fully vested, and (iii) the restrictions, other limitations and other conditions applicable to any Other Share-Based Awards or any other Awards that are not assumed or substituted for (or continued) shall lapse, and such Other Share-Based Awards or such other Awards shall become free of all restrictions, limitations and conditions and become fully vested and transferable to the full extent of the original grant.

(c) The Committee, in its discretion, may determine that, upon the occurrence of a Change in Control of the Company, each Option and Stock Appreciation Right outstanding shall terminate within a specified number of days after notice to the Participant, and/or that each Participant shall receive, with respect to each Share subject to such Option or Stock Appreciation Right, an amount equal to the excess of the Fair Market Value of such Share immediately prior to the occurrence of such Change in Control over the exercise price per Share of such Option and/or Stock Appreciation Right; such amount to be payable in cash, in one or more kinds of stock or property (including the stock or property, if any, payable in the transaction) or in a combination thereof, as the Committee, in its discretion, shall determine.

11.3. *Change in Control.* For purposes of the Plan, unless otherwise provided in an Award Agreement, Change in Control means the occurrence of any one of the following events:

(a) During any twenty-four (24) month period, individuals who, as of the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason

to constitute at least a majority of the Board, provided that any person becoming a director subsequent to the beginning of such period whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without written objection to such nomination) shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contest with respect to directors or as a result of any other actual or threatened solicitation of proxies by or on behalf of any person other than the Board shall be deemed to be an Incumbent Director;

(b) Any "person" (as such term is defined in the Exchange Act and as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) is or becomes a "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 35% or more of the combined voting power of the Company's then outstanding securities eligible to vote for the election of the Board (the "Company Voting Securities"); provided, however, that the event described in this Section 11.3(b) shall not be deemed to be a Change in Control by virtue of any of the following acquisitions: (i) by the Company or any Subsidiary; (ii) by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary; (iii) by any underwriter temporarily holding securities pursuant to an offering of such securities; or (iv) pursuant to a Non-Qualifying Transaction, as defined in Section 11.3(c);

(c) The consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction involving the Company or any of its Subsidiaries that requires the approval of the Company's shareholders, whether for such transaction or the issuance of securities in the transaction (a "Business Combination"), unless immediately following such Business Combination: (i) more than 50% of the total voting power of (A) the corporation resulting from such Business Combination (the "Surviving Corporation"), or (B) if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of the Surviving Corporation (the "Parent Corporation"), is represented by Company Voting Securities that were outstanding immediately prior to such Business Combination (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Business Combination), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Business Combination; (ii) no person (other than any employee benefit plan (or related trust) sponsored or maintained by the Surviving Corporation or the Parent Corporation), is or becomes the beneficial owner, directly or indirectly, of 35% or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation); and (iii) at least a majority of the members of the board of directors of the Parent Corporation (or, if there is no Parent Corporation, the Surviving Corporation) following the consummation of the Business Combination were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Business Combination (any Business Combination which satisfies all of the criteria specified in (i), (ii) and (iii) above shall be deemed to be a "Non -Qualifying Transaction"); or

(d) The consummation of a sale of 50% or more of the total gross fair market value of the Company's assets, other than to an entity (or, if applicable, the ultimate parent corporation that directly or indirectly has beneficial ownership of 100% of the voting securities eligible to elect directors of such entity) (i) in which 50% or more of the Voting Securities is represented by Company Voting Securities that were outstanding immediately prior to such sale or (ii) of which the Company directly or indirectly owns 50% or more of the Voting Securities.

Notwithstanding anything contained in this Section 11.3, a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of more than 35% of the Company Voting Securities as a result of the acquisition of Company Voting Securities by the Company which reduces the number of Company Voting Securities outstanding; provided, that if after such acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control of the Company shall be deemed to have occurred.

12. GENERALLY APPLICABLE PROVISIONS

12.1. *Amendment and Termination of the Plan*. The Board may, from time to time, alter, amend, suspend or terminate the Plan as it shall deem advisable, subject to any requirement for shareholder approval imposed by applicable law, including the rules and regulations of the principal U.S. national securities exchange on which the Shares are traded; provided that the Board may not amend the Plan in any manner that would result in noncompliance with Rule 16b-3 under the Exchange Act; and further provided that the Board may not, without the approval of the Company's shareholders, amend the Plan to (a) increase the number of Shares that may be the subject of Awards under the Plan (except for adjustments pursuant to Section 12.2), (b) expand the types of awards available under the Plan, (c) materially expand the class of persons eligible to participate in the Plan, (d) amend Section 5.3 or Section 6.2(f) to eliminate the requirements relating to minimum exercise price, minimum grant price and shareholder approval, (e) increase the maximum permissible term of any Option specified by Section 5.4 or the maximum permissible term of a Stock Appreciation Right specified by Section 6.2(d), or (f) increase any of the limitations in Section 10.5. The Board may not (except pursuant to Section 12.2 or in connection with a Change in Control), without the approval of the Company's shareholders, take any action with respect to an Option or Stock Appreciation Right that would, if such action were taken by the Committee, violate section 5.3 or 6.2(f). In addition, no amendments to, or termination of, the Plan shall impair the rights of a Participant in any material respect under any Award previously granted without such Participant's consent.

12.2. *Adjustments*. In the event of any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affecting the Shares or the value thereof, such adjustments and other substitutions shall be made to the Plan and to Awards in a manner the Committee deems equitable or appropriate taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, the limitations in Section 10.5 (other than to Awards denominated in cash), the maximum number of Shares that may be issued pursuant to Incentive Stock Options and, in the aggregate or to any Participant, in the number, class, kind and option or exercise price

of securities subject to outstanding Awards granted under the Plan (including, if the Committee deems appropriate, the substitution of similar options to purchase the shares of, or other awards denominated in the shares of, another company) as the Committee may determine to be appropriate; provided, however, that the number of Shares subject to any Award shall always be a whole number, unless the Committee determines otherwise.

12.3. *Transferability of Awards.* Except as provided below, no Award and no Shares that have not been issued or as to which any applicable restriction, performance or deferral period has not lapsed, may be sold, assigned, transferred, pledged or otherwise encumbered, other than by will or the laws of descent and distribution, and such Award may be exercised during the life of the Participant only by the Participant or the Participant's guardian or legal representative. To the extent and under such terms and conditions as determined by the Committee, a Participant may assign or transfer an Award without consideration (each transferee thereof, a "Permitted Assignee") (a) to the Participant's spouse, children or grandchildren (including any adopted and step children or grandchildren), parents, grandparents or siblings, (b) to a trust for the benefit of one or more of the Participant or the persons referred to in clause (a), (c) to a partnership, limited liability company or corporation in which the Participant or the persons referred to in clause (a) are the only partners, members or shareholders, or (d) for charitable donations; provided however, that such Permitted Assignee shall be bound by and subject to all of the terms and conditions of the Plan and the Award Agreement relating to the transferred Award and shall execute an agreement satisfactory to the Company evidencing such obligations; and provided further that such Participant shall remain bound by the terms and conditions of the Plan. The Company shall cooperate with any Permitted Assignee and the Company's transfer agent in effectuating any transfer permitted under this Section.

12.4. *Termination of Employment or Services*. The Committee shall determine and set forth in each Award Agreement whether any Awards granted in such Award Agreement will continue to be exercisable, continue to vest or be earned and the terms of such exercise, vesting or earning, on and after the date that a Participant ceases to be employed by or to provide services to the Company or any Subsidiary (including as a Director), whether by reason of death, disability, voluntary or involuntary termination of employment or services, or otherwise. The date of termination of a Participant's employment or services will be determined by the Committee, which determination will be final.

12.5. *Deferral*; *Dividend Equivalents*. The Committee shall be authorized to establish procedures pursuant to which the payment of any Award may be deferred. Subject to the provisions of the Plan and to the extent expressly provided in the applicable Award Agreement, the recipient of an Award other than an Option or Stock Appreciation Right may, if so determined by the Committee, be entitled to receive, currently or on a deferred basis, amounts equivalent to cash, stock or other property, dividends on Shares ("Dividend Equivalents") with respect to the number of Shares covered by the Award, as determined by the Committee in its sole discretion. The Committee may provide that the Dividend Equivalents (if any) shall be deemed to have been reinvested in additional Shares or otherwise reinvested and may provide that the Dividend Equivalents are subject to the same vesting or performance conditions as the underlying Award. Notwithstanding the foregoing, Dividend Equivalents credited in connection with an Award that vests based on the achievement of performance goals shall be subject to restrictions and risk of forfeiture to the same extent as the Award with respect to which such Dividend Equivalents have been credited.

13. MISCELLANEOUS

13.1. *Award Agreements.* Each Award Agreement shall either be (a) in writing in a form approved by the Committee or Board and executed by the Company by an officer duly authorized to act on its behalf, or (b) an electronic notice in a form approved by the Committee or Board and recorded by the Company (or its designee) in an electronic recordkeeping system used for the purpose of tracking one or more types of Awards as the Committee may provide; in each case and if required by the Committee, the Award Agreement shall be executed or otherwise electronically accepted by the recipient of the Award in such form and manner as the Committee may require. The Committee may authorize any officer of the Company to execute any or all Award Agreements on behalf of the Company. The Award Agreement shall set forth the material terms and conditions of the Award as established by the Committee or Board consistent with the provisions of the Plan. The Award Agreement may be amended by agreement of the Company and the recipient, to the extent approved by the Committee or Board.

13.2. *Tax Withholding.* The Company shall have the right to make all payments or distributions pursuant to the Plan to a Participant (or a Permitted Assignee thereof) net of any applicable federal, state and local taxes required to be paid or withheld as a result of (a) the grant of any Award, (b) the exercise of an Option or Stock Appreciation Right, (c) the delivery of Shares or cash, (d) the lapse of any restrictions in connection with any Award or (e) any other event occurring pursuant to the Plan. The Company or any Subsidiary shall have the right to withhold from wages or other amounts otherwise payable to a Participant (or Permitted Assignee) such withholding taxes as may be required by law, or to otherwise require the Participant (or Permitted Assignee) to pay such withholding taxes. If the Participant (or Permitted Assignee) shall fail to make such tax payments as are required, the Company or its Subsidiaries shall, to the extent permitted by law, have the right to deduct any such taxes from any payment of any kind otherwise due to such Participant (or Permitted Assignee) or to take such other action as may be necessary to satisfy such withholding obligations. The Committee shall be authorized to establish procedures for election by Participants (or Permitted Assignees) to satisfy such obligation for the payment of such taxes by tendering previously acquired Shares (either actually or by attestation, valued at their then Fair Market Value), or by directing the Company to retain Shares (up to the minimum required tax withholding rate for the Participant (or Permitted Assignee) or such other rate that will not cause an adverse accounting consequence or cost) otherwise deliverable in connection with the Award.

13.3. *Right of Discharge Reserved; Claims to Awards*. Nothing in the Plan nor the grant of an Award hereunder shall confer upon any Employee, Director or Consultant the right to continue in the employment or service of the Company or any Subsidiary or affect any right that the Company or any Subsidiary may have to terminate the employment or service of (or to demote or to exclude from future Awards under the Plan) any such Employee, Director or Consultant at any time for any reason. The Company shall not be liable for the loss of existing or potential profit from an Award granted in the event of termination of an employment or other relationship. No Employee, Director or Consultant shall have any claim to be granted any Award under the Plan, and there is no obligation for uniformity of treatment of Employees, Directors or Consultants under the Plan.

13.4. *Substitute Awards.* Notwithstanding any other provision of the Plan, the terms of Substitute Awards may vary from the terms set forth in the Plan to the extent the Committee deems appropriate to conform, in whole or in part, to the provisions of the awards in substitution for which they are granted.

13.5. *Cancellation of Award; Forfeiture of Gain*. Notwithstanding anything to the contrary contained herein, an Award Agreement may provide that

(a) In the event of an accounting restatement due to material noncompliance by the Company with any financial reporting requirement under the securities laws, the Committee shall have the right to review any Award, the amount, payment or vesting of which was directly or indirectly based on an entry in the financial statements that are the subject of the restatement. If the Committee determines that (i) based on the results of the restatement or (ii) due to inaccurate financial data used to determine the payment or vesting of an Award, that a lesser amount or portion of an Award should have been paid, vested or realized (including as a result of the impact of the restatement or inaccurate data on the Fair Market Value of Shares as determined by the Committee in its discretion), it may (x) cancel all or any portion of any outstanding Awards and (y) require the Participant or other person to whom any payment has been made or shares or other property have been transferred in connection with the Award to forfeit and pay over to the Company, on demand, all or any portion of the gain (whether or not taxable) realized upon the exercise of any Option or Stock Appreciation Right and the value realized (whether or not taxable) on the vesting or payment of any other Award during the period beginning twelve months preceding the date of the restatement and ending with the date of Committee action pursuant to this section of the Plan. In applying this section, the Committee is not required to treat all Participants in the same manner.

(b) If the Participant, without the consent of the Company, while employed by or providing services to the Company or any Subsidiary or after termination of such employment or service, violates a non-competition, non-solicitation or non-disclosure covenant or agreement, as determined by the Committee in its sole discretion, then (i) any outstanding, vested or unvested, earned or unearned portion of the Award may, at the Committee's discretion, be canceled and (ii) the Committee, in its discretion, may require the Participant or other person to whom any payment has been made, or Shares or other property have been transferred in connection with the Award, to forfeit and pay over to the Company, on demand, all or any portion of the gain (whether or not taxable) realized upon the exercise of any Option or Stock Appreciation Right and the value realized (whether or not taxable) on the vesting or payment of any other Award during the time period specified in the Award Agreement. Except with respect to officers who are designated as executive officers by the Company's Board of Directors under Section 16 of the Securities Act of 1934, the Committee shall have the power to delegate all or a portion of the Committee's authority, duties and responsibilities under this Section 13.5(b) to one or more executive officers of the Company, including the authority for such executive officer(s) to further delegate such authority, duties and responsibilities to any other individual or entity, whether or not such person or entity is employed by, an officer of, or affiliated with the Company. Any delegation, including any delegation made by an executive officer, may be rescinded by the Committee at any time.

13.6. *Stop Transfer Orders.* All Shares delivered under the Plan pursuant to any Award shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the rules, regulations and other requirements of the SEC, any stock exchange upon which the Shares are then listed, and any applicable federal or state securities law, and the Committee may cause a legend or notation to be put on any certificates or book entries to make appropriate reference to such restrictions.

13.7. *Nature of Payments*. All Awards made pursuant to the Plan are in consideration of services performed or to be performed for the Company or any Subsidiary, division or business unit of the Company or a Subsidiary. Any income or gain realized pursuant to Awards under the Plan constitutes a special incentive payment to the Participant and shall not be taken into account, to the extent permissible under applicable law, as compensation for purposes of any of the employee benefit plans of the Company or any Subsidiary except as may be required by the terms of such plan or determined by the Committee or by the Board or board of directors of the applicable Subsidiary.

13.8. *Other Plans*. Nothing contained in the Plan shall prevent the Board from adopting other or additional compensation arrangements, subject to shareholder approval if such approval is required; and such arrangements may be either generally applicable or applicable only in specific cases.

13.9. *Severability*. The provisions of the Plan shall be deemed severable. If any provision of the Plan shall be held unlawful or otherwise invalid or unenforceable in whole or in part by a court of competent jurisdiction or by reason of change in a law or regulation, such provision shall (a) be deemed limited to the extent that such court of competent jurisdiction deems it lawful, valid and/or enforceable and as so limited shall remain in full force and effect, and (b) not affect any other provision of the Plan or part thereof, each of which shall remain in full force and effect. If the making of any payment or the provision of any other benefit required under the Plan shall be held unlawful or otherwise invalid or unenforceable by a court of competent jurisdiction or any governmental regulatory agency, or impermissible under the rules of any securities exchange on which the Shares are listed, such unlawfulness, invalidity, unenforceability or impermissibility shall not prevent any other payment or benefit from being made or provided under the Plan, and if the making of any payment in full or the provision of any other benefit required under the Plan in full would be unlawful or otherwise invalid or impermissible, then such unlawfulness, invalidity, unenforceability or impermissibility shall not prevent such payment or benefit from being made or provided in part, to the extent that it would not be unlawful, invalid, unenforceable or impermissible, and the maximum payment or benefit that would not be unlawful, invalid, unenforceable or impermissible shall be made or provided under the Plan.

13.10. *Construction*. As used in the Plan, the words "*include*" and "*including*," and variations thereof, shall not be deemed to be terms of limitation, but rather shall be deemed to be followed by the words "*without limitation*."

13.11. *Unfunded Status of the Plan.* The Plan is intended to constitute an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant by the Company, nothing contained herein shall give any such Participant any rights that are greater than those of a general creditor of the Company. In its sole discretion, the Committee may authorize the creation of trusts or other arrangements to meet the obligations created under the Plan to deliver the Shares or payments in lieu of or with respect to Awards hereunder; provided, however, that the existence of such trusts or other arrangements is consistent with the unfunded status of the Plan.

13.12. *Governing Law*. The Plan and all determinations made and actions taken thereunder, to the extent not otherwise governed by the Code or the laws of the United States, shall be governed by the laws of the State of Missouri, without reference to principles of conflict of laws, and construed accordingly.

13.13. *Effective Date of Plan; Termination of Plan*. The Plan shall be effective on the later of January 1, 2013 or the date of the approval of the Plan by the holders of the shares entitled to vote at a duly constituted meeting of the shareholders of the Company. The Plan shall be null and void and of no effect if the foregoing condition is not fulfilled and in such event each Award shall, notwithstanding any of the preceding provisions of the Plan, be null and void and of no effect. Awards may be granted under the Plan at any time and from time to time on or prior to the tenth anniversary of the effective date of the Plan, on which date the Plan will expire except as to Awards then outstanding under the Plan; provided, however, in no event may an Incentive Stock Option be granted more than ten (10) years after the earlier of (a) the date of the adoption of the Plan by the Board or (b) the effective date of the Plan as provided in the first sentence of this Section. Such outstanding Awards shall remain in effect until they have been exercised or terminated, or have expired.

13.14. *Foreign Employees and Consultants*. Awards may be granted to Participants who are foreign nationals or employed or providing services outside the United States, or both, on such terms and conditions different from those applicable to Awards to Employees or Consultants providing services in the United States as may, in the judgment of the Committee, be necessary or desirable in order to recognize differences in local law or tax policy. The Committee also may impose conditions on the exercise or vesting of Awards in order to minimize the Company's obligation with respect to tax equalization for Employees or Consultants on assignments outside their home country.

13.15. *Compliance with Section 409A of the Code.* It is intended that Awards shall not result in, and that this Plan and Awards shall be administered in a manner that does not result in, the imposition of any taxes, interest or penalties as a result of Section 409A of the Code and regulations and other guidance issued with respect thereto (any such taxes, interest or penalties shall be a "409A Penalty") and this Plan and Awards shall be construed and interpreted in accordance with such intent. To the extent that an Award or the payment, settlement or deferral thereof is subject to Section 409A of the Code, the Award shall be granted, paid, settled or deferred in a manner that will not result in a 409A Penalty, except as otherwise determined by the Committee. Any provision of this Plan that would cause the grant of an Award or the payment, settlement or deferral thereof to result in a 409A Penalty shall be amended so as not to result in or to minimize a 409A Penalty on a timely basis, which may be made on a retroactive basis, in accordance with regulations and other guidance issued under Section 409A of the Code. Notwithstanding the requirements of this Section, in no event will the Company or any affiliate thereof (including the Committee) have any liability to any Participant with respect to any 409A Penalty even if there is a failure on the part of the Company or Committee to avoid or minimize a 409A Penalty.

13.16. *No Registration Rights; No Right to Settle in Cash*. The Company has no obligation to register with any governmental body or organization (including, without limitation, the SEC) any of (a) the offer or issuance of any Award, (b) any Shares issuable upon the exercise of any Award, or (c) the sale of any Shares issued upon exercise of any Award, regardless of

whether the Company in fact undertakes to register any of the foregoing. In particular, in the event that any of (x) any offer or issuance of any Award, (y) any Shares issuable upon exercise of any Award, or (z) the sale of any Shares issued upon exercise of any Award are not registered with any governmental body or organization (including, without limitation, the SEC), the Company will not under any circumstance be required to settle its obligations, if any, under this Plan in cash.

13.17. *Data Privacy.* As a condition of acceptance of an Award, the Participant explicitly and unambiguously consents to the collection, use and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Subsidiaries for the exclusive purpose of implementing, administering and managing the Participant's participation in the Plan. The Participant understands that the Company and its Subsidiaries hold certain personal information about the Participant, including the Participant's name, home address and telephone number, date of birth, social insurance number or other identification number, salary, nationality, job title, any shares of stock or directorships held in the Company or any Subsidiary, details of all Awards or any other entitlement to Shares awarded, canceled, exercised, vested, unvested or outstanding in the Participant's favor, for the purpose of implementing, managing and administering the Plan (the "Data"). The Participant further understands that the Company and its Subsidiaries may transfer the Data amongst themselves as necessary for the purpose of implementation, management and administration of the Participant's participation in the Plan, and that the Company and its Subsidiaries may each further transfer the Data to any third parties assisting the Company in the implementation, management, and administration of the Plan. The Participant understands that these recipients may be located in the Participant's country, or elsewhere, and that the recipient's country may have different data privacy laws and protections than the Participant's country. The Participant understands that he or she may request a list with the names and addresses of any potential recipients of the Data by contacting his or her local human resources representative. The Participant, through participation in the Plan and acceptance of an Award under the Plan, authorizes such recipients to receive, possess, use, retain and transfer the Data, in electronic or other form, for the purposes of implementing, administering and managing the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Participant may elect to deposit any Shares. The Participant understands that the Data will be held only as long as is necessary to implement, manage, and administer the Participant's participation in the Plan. The Participant understands that he or she may, at any time, view the Data, request additional information about the storage and processing of the Data, require any necessary amendments to the Data, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Participant understands that refusal or withdrawal of consent may affect the Participant's ability to participate in the Plan. For more information on the consequences of refusal to consent or withdrawal of consent, the Participant understands that he or she may contact his or her local human resources representative.

13.18. *Indemnity*. To the extent allowable pursuant to applicable law, each member of the Committee or of the Board and any person to whom the Committee has delegated any of its authority under the Plan shall be indemnified and held harmless by the Company from any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by such person in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any action or failure to act

pursuant to the Plan and against and from any and all amounts paid by him or her in satisfaction of judgment in such action, suit, or proceeding against him or her; provided he or she gives the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled pursuant to the Company's Certificate of Incorporation or Bylaws, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

13.19. *Captions*. The captions in the Plan are for convenience of reference only, and are not intended to narrow, limit or affect the substance or interpretation of the provisions contained herein.

Exhibit 10.2

H&R BLOCK, INC.
2013 LONG TERM INCENTIVE PLAN
RESTRICTED SHARE UNITS
AWARD AGREEMENT

This Award Agreement is entered into by and between H&R Block, Inc., a Missouri corporation ("H&R Block"), and [Participant Name] ("Participant").

WHEREAS, H&R Block provides certain incentive awards ("Awards") to key employees of subsidiaries of H&R Block under the H&R Block, Inc. 2013 Long Term Incentive Plan (the "Plan");

WHEREAS, Participant has been selected by the Board, the Compensation Committee, or the Chief Executive Officer of H&R Block to receive an Award under the Plan; and

WHEREAS, receipt of this Award is conditioned upon Participant's execution of this Award Agreement, within 180 days of [Grant Date], wherein Participant agrees to abide by certain terms and conditions authorized by the Compensation Committee of the Board.

NOW THEREFORE, in consideration of the parties' promises and agreements set forth in this Award Agreement, the sufficiency of which the parties hereby acknowledge,

IT IS AGREED AS FOLLOWS:

1. Restricted Share Units.

1.1 Grant of Units. As of [Grant Date] (the "Grant Date"), H&R Block hereby awards [Number of Units Granted] Restricted Share Units (the "Units") to Participant, as evidenced by this Award Agreement.

1.2 Requirement of Employment. In order to become vested in any or all of the Units, Participant must remain continuously employed with Company through the applicable Vesting Date (as set forth in Section 1.3). Except as otherwise provided in this Award Agreement, or absent a written agreement to the contrary, if Participant's employment with Company terminates before a Vesting Date, for any reason other than those set forth in Section 1.4, then all unvested Units then held by Participant, if any, shall be forfeited by Participant, and Participant shall have no right to receive Common Stock in respect thereof.

1.3 Vesting and Delivery of Common Stock.

(a) *Vesting.* Subject to Section 1.2, the Units shall vest on the dates noted below (each, a "Vesting Date"), in accordance with the following schedule:

Vesting Date	Percent of Units Subject to Vesting on Such Vesting Date
First Anniversary of the Grant Date	33 1/3%
Second Anniversary of the Grant Date	33 1/3%
Third Anniversary of the Grant Date	33 1/3%

If the percentage of the aggregate number of shares of Common Stock subject to this Restricted Share Unit scheduled to vest on a Vesting Date is not a whole number of shares, then the number vesting on such Vesting Date shall be rounded up or down to the nearest whole number of shares for each Vesting Date in accordance with the administrative systems established by Company's third-party stock plan administrator, except that the amount vesting on the final Vesting Date shall be such that 100% (and for the avoidance of doubt, no more than 100%) of the aggregate number of shares of Common Stock subject to this Restricted Share Unit shall be cumulatively vested as of the final Vesting Date.

(b) *Delivery of Common Stock*. Upon each Vesting Date, shares of Common Stock equal to the number of Units then vesting under this Award Agreement, less any shares withheld for tax withholding purposes pursuant to Section 4.7, shall be transferred directly into a brokerage account established for Participant at a financial institution the Committee shall select at its discretion (the "Financial Institution") or delivered to Participant in certificate form, such method to be selected by the Committee in its discretion. Participant agrees to complete, before a Vesting Date, any documentation for Company or the Financial Institution which is necessary to effect the transfer of shares of Common Stock to the Financial Institution.

1.4 Acceleration of Vesting. Notwithstanding Section 1.3(a), the Units held by Participant vest on the occurrence of any of the following events:

(a) *Termination Related to Change in Control*. Upon Participant's Qualifying Involuntary Separation or Good Reason Termination, 100% of all outstanding Units granted under this Award Agreement shall immediately vest upon the later of the date of the Change in Control and Participant's Last Day of Employment.

(b) *Retirement*. If Participant's Retirement from Company occurs at least one year after the Grant Date, 100% of all outstanding Units granted under this Award Agreement shall immediately vest upon Participant's Last Day of Employment.

(c) *Other Termination of Employment*. All unvested Units still outstanding shall be forfeited upon occurrence of Participant's death, Disability, or Termination of Employment not described in subsection (a) or (b).

Upon the accelerated vesting pursuant to this Section 1.4, shares of Common Stock equal to the number of Units that become vested, less any shares withheld for tax withholding purposes pursuant to Section 4.7, shall be transferred within 60 days directly into a brokerage account established for Participant at the Financial Institution or delivered to Participant in certificate

form, such method to be selected by the Committee in its discretion. Participant agrees to complete any documentation with Company or the Financial Institution that is necessary to affect the transfer of shares of Common Stock to the Financial Institution before the delivery of such shares will occur. Notwithstanding the foregoing, delivery of shares of Common Stock will be delayed, if applicable under the circumstances, to the extent provided under Section 4.14 (Compliance with Section 409A).

1.5 No Shareholder Privileges; Dividend Equivalents. Neither Participant nor any person claiming under or through him or her shall be, or have any of the rights or privileges of, a shareholder of H&R Block (including the right to vote shares or to receive dividends) with respect to any of the Common Stock issuable pursuant to this Award Agreement, unless and until such shares of Common Stock shall have been duly issued and delivered to Participant as a result of the vesting of Units.

However, dividend equivalents will accrue and vest proportionally as the Units vest, and will be paid as additional whole shares of Common Stock (unless the Committee in its discretion determines to pay the value of the accrued dividend equivalents in cash), net of withholding, upon the date shares of Common Stock are delivered for vested Units pursuant to Section 1.3. Dividend equivalents will apply to all cash dividends (excluding dividends for which an adjustment to the Award was or will be made pursuant to Section 4.3) and will be deemed reinvested in shares of Common Stock based on the Closing Price of the Common Stock on the trading day immediately preceding the ex-dividend date applicable to such dividend. Future dividend equivalents will apply to the shares of Common Stock relating to the reinvested dividend equivalents for each dividend record date that occurs before actual delivery of the shares. Notwithstanding the foregoing, the Committee retains discretion at any time, upon notice to Participant, to revise whether, and in what manner, dividend equivalents will be deemed reinvested with respect to any future dividends.

2. Covenants.

2.1 Consideration for Award under the Plan. Participant acknowledges that Participant's agreement to this Section 2 is a key consideration for the Award made under this Award Agreement. Participant hereby agrees to abide by the covenants set forth in Sections 2.2, 2.3, 2.4, 2.5, 2.6, and 2.7.

2.2 Covenant Against Competition. During the period of Participant's employment and for two (2) years after his or her Last Day of Employment, Participant acknowledges and agrees he or she will not, directly or indirectly, establish or engage in any business or organization, or own or control any interest in, be employed by, or act as an officer, director, consultant, advisor, or lender to, any of the following located in those geographic markets where Participant has had direct and substantial involvement in Company's operations in such geographic markets: (a) any entity that engages in any business competitive with the business activities of Company including, without limitation, its assisted and digital (including software) tax services businesses ("Prohibited Companies"); (b) any financial institution or business where any of Participant's duties or activities would relate to or assist in providing services or products to one or more of the Prohibited Companies for use in connection with products, services or assistance being provided to customers; or (c) any financial institution or business whose primary purpose is to provide services or products

to one or more of the Prohibited Companies for use in connection with products, services or assistance being provided to customers. Without limiting clause (c), any financial institution or business whose profits or revenues from the provision of services or products to the Prohibited Companies exceeds 25% of total profits or revenues, as the case may be, shall be deemed to be covered by clause (c). For Participants whose primary place of employment as of the Last Day of Employment is in Puerto Rico or Arizona, the restrictions in this Section 2.2 shall be limited to one (1) year following Participant's Last Day of Employment. The restrictions in this Section 2.2 shall not apply if Participant's primary place of employment as of the Last Day of Employment is in California or North Dakota; provided, however, to the extent permitted under such states' laws, Company nevertheless retains all rights and remedies set forth in Sections 2.8 and 2.9 in lieu of enforcing the restrictive covenant set forth in this Section 2.2.

2.3 Covenant Against Solicitation of Employees. Participant acknowledges and agrees that, during the period of Participant's employment and for one (1) year after his or her Last Day of Employment, Participant will not directly or indirectly: (a) recruit, solicit, or otherwise induce any employee of Company to leave the employment of Company or to become an employee of or otherwise be associated with Participant or any company or business with which Participant is or may become associated; or (b) hire any employee of Company as an employee or otherwise in any company or business with which Participant is or may become associated. The restrictions in this Section 2.3 shall not apply if Participant's primary place of employment as of the Last Day of Employment is in Wisconsin; provided, however, to the extent permitted under such state's laws, Company nevertheless retains all rights and remedies set forth in Sections 2.8 and 2.9 in lieu of enforcing the restrictive covenant set forth in this Section 2.3.

2.4 Covenant Against Solicitation of Customers. During the period of Participant's employment and for two (2) years after his or her Last Day of Employment, Participant acknowledges and agrees that he or she will not, directly or indirectly, solicit or enter into any arrangement with any person or entity which is, at the time of the solicitation, a customer of Company for purposes of engaging in any business transaction of the nature performed by Company, or contemplated to be performed by Company, provided that this Section 2.4 will only apply to customers for whom Participant personally provided services while employed by Company or customers about whom or which Participant acquired material information while employed by Company. For Participants whose primary place of employment as of the Last Day of Employment is in Puerto Rico or Arizona, the restrictions in this Section 2.4 shall be limited to one (1) year following Participant's Last Day of Employment. The restrictions in this Section 2.4 shall not apply if Participant's primary place of employment as of the Last Day of Employment is in California or North Dakota; provided, however, to the extent permitted under such state's laws, Company nevertheless retains all rights and remedies set forth in Sections 2.8 and 2.9 in lieu of enforcing the restrictive covenant set forth in this Section 2.4.

2.5 Covenant Against Disclosure of Confidential Information. Participant acknowledges and agrees: (a) that "Confidential Business Information" includes, but is not limited to, Company's client lists and information, employee lists and information, developments, systems, designs, software, databases, know-how, marketing plans, product information, business and financial information and plans, strategies, forecasts, new products and services, financial statements, budgets, projections, prices, and acquisition and disposition plans,

regardless of whether any court determines that such information constitutes a trade secret as defined by applicable law; and (b) that (i) Company has spent many years developing its business and clients, and is engaged in a continuous program of developing its business and clients, (ii) Company's methods of operation are unique within the industry, (iii) Participant's position creates a relationship of confidence and trust between Participant and Company with respect to Company's Confidential Business Information, and (iv) Participant's disclosure of Confidential Business Information could substantially injure Company's present and planned business.

Therefore, Participant agrees that at all times during employment and for a period of two (2) years after Participant's Last Day of Employment with Company, Participant shall keep in strictest confidence and trust all Confidential Business Information. During this period, Participant shall not use or disclose any Confidential Business Information without the written consent of Company, except as may be necessary in the ordinary course of performing duties as an employee of Company or as may be required by law.

Notwithstanding the foregoing, to the extent that any Confidential Business Information satisfies the legal definition of "trade secret," and for so long as such information remains a trade secret, Participant shall keep in strictest confidence such trade secret and not use or disclose any such trade secret without the written consent of Company, except as may be necessary in the ordinary course of performing duties as an employee of Company or as may be required by law. Participant acknowledges that trade secrets include, but are not limited to, Company's client lists and all information identifying its clients, and all information pertaining to Company's business development, marketing plans, product information, business and financial information and plans, and strategies.

2.6 Covenant Regarding Company Property. Participant acknowledges and agrees that as between Participant and Company, all Confidential Business Information is the sole and exclusive property of Company and/or Company's nominee(s) or assign(s). Participant hereby assigns and agrees to assign to Company any rights Participant may have or may acquire in such Confidential Business Information.

In the event that Participant conceives or develops, in whole or in part, any inventions, discoveries, ideas, concepts, strategies, plans, processes, systems, products, services, know-how, technology, software, website content, writings, expressions, designs, artwork, graphics, names, logos or other proprietary developments while employed by Company that (a) directly or indirectly relate in any way to or arise out of Participant's job responsibilities or the performance of the duties or assigned tasks of Participant with Company; or (b) directly or indirectly relate or pertain in any way to the existing or reasonably anticipated business, products, services, or other activities of Company; or (c) were otherwise conceived or developed, in whole or in part, using Company time or materials or based upon Confidential Business Information (collectively, the "Developments"), all right, title, and interest in and to the Developments including, without limitation, all patent, copyright, trademark, trade secret and other proprietary rights therein shall become the sole and exclusive property of Company and/or Company's nominee(s) or assign(s).

Participant acknowledges that any Developments subject to copyright protection shall be considered "works-for-hire" on behalf of Company as such term is defined under the copyright laws of the United States. All right, title and interest in such Developments or components thereof shall automatically vest in Company and Company shall be the author and exclusive owner thereof including, without limitation, all copyrights (and renewals and extensions thereof), merchandising and allied, ancillary and subsidiary rights therein. To the extent that any of the Developments, or any portion thereof, may not qualify as a work-for-hire or for copyright protection, Participant hereby irrevocably assigns and agrees to assign in the future all right, title, and interest in and to the Developments to Company or Company's nominee(s) or assign(s), including, without limitation, all patent, copyright, trademark, trade secret and any and all other proprietary rights therein.

Participant will keep and maintain adequate and current written records of the conception and development of Developments in the form of notes, sketches, drawings, reports or other documents relating thereto, which records shall be and shall remain the sole and exclusive property of Company and shall be available to Company at all times.

Participant further agrees to execute and deliver all documents and do all acts that Company shall deem necessary or desirable to secure to Company or its nominee(s) or assignee(s) the entire right, title and interest in and to the Confidential Business Information and Developments, at Company's expense. Participant further agrees to cooperate with Company as reasonably necessary to maintain or enforce Company's rights in the Confidential Business Information and Developments.

In the event Participant's employment terminates, Participant shall promptly deliver to Company the originals and all copies of all Confidential Business Information, Developments and other materials and property of any nature belonging to Company and obtained during the course of, or as a result of, Participant's employment with Company. In addition, upon such termination, Participant shall not remove from the premises of Company any of its documents or property.

2.7 Non-Disparagement. Participant agrees, that after his or her Last Day of Employment, Participant will not disparage Company or any of its directors, officers, executives, employees, agents or other Company representatives ("Related Parties"), or make or solicit any comments to the media or others that may be considered derogatory or detrimental to the good business name or reputation of Company or Related Parties. This clause has no application to any communications with the Equal Employment Opportunity Commission or any state or local agency responsible for investigation and enforcement of discrimination laws.

2.8 Forfeiture of Rights. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 2, Participant shall forfeit all rights to payments or benefits under the Plan. All unvested Units shall terminate and be incapable of vesting.

2.9 Remedies. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 2, whether before, on or after any settlement of an Award under the Plan, then Participant shall promptly pay to Company an amount equal to the aggregate Amount of

Gain Realized by Participant on all Common Stock received pursuant to this Award Agreement after a date commencing one (1) year before Participant's Last Day of Employment. Participant shall pay Company within three (3) business days after the date of any written demand by Company to Participant.

2.10 Remedies Payable. Participant shall pay the amounts described in Section 2.9 in cash or as otherwise determined by Company.

2.11 Remedies without Prejudice. The remedies provided in this Section 2 shall be without prejudice to the rights of Company to recover any losses resulting from the applicable conduct of Participant, and shall be in addition to any other remedies Company may have, at law or in equity, resulting from such conduct.

2.12 Survival. Participant's obligations in this Section 2 shall survive and continue beyond settlement of all Awards under the Plan and any termination or expiration of this Award Agreement for any reason.

2.13 Tolling. The restricted period for each of the covenants in this Award Agreement shall be tolled during (a) any period(s) of violation that occur during the original restricted period; and (b) any period(s) of time required by litigation to enforce the covenant (other than any periods during which Participant is enjoined from engaging in the prohibited activity and is in compliance with such order of enjoinment) provided that the litigation is filed within one year following the end of the two-year period immediately following the cessation of employment.

3. Non-Transferability of Award. This Award (including all rights, privileges and benefits conferred under such Award) shall not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate, or otherwise dispose of this Award, or of any right or privilege conferred hereby, contrary to the provisions hereof, or upon any attempted sale under any execution, attachment, or similar process upon the rights and privileges hereby granted, then and in any such event this Award and the rights and privileges hereby granted shall immediately become null and void.

4. Miscellaneous.

4.1 No Employment Contract. This Award Agreement does not confer on Participant any right to continued employment for any period of time, and is not an employment contract.

4.2 Clawback. If a restatement of H&R Block's financial results occurs and (a) the vesting or the Amount of Gain Realized with respect to any portion of this Award, or (b) the vesting or issuance of Shares pursuant to any other award granted under the Plan or any other company-sponsored equity compensation plan, or (c) any other cash compensation received by Participant pursuant to a Company-sponsored incentive plan, would not have occurred, been paid or would have been reduced if the results represented by the restatement were known as of the time of the original issuance of the financial results, Participant may be required to reimburse Company for the Amount of Gain Realized related to this Award. The Committee has sole discretion to make all determinations that may be made pursuant to this section, including the amount of reimbursement.

4.3 Adjustment of the Units. If any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affects the Common Stock or the value thereof, the Committee shall make such adjustments and other substitutions to this Award Agreement as the Committee determines necessary or appropriate to prevent dilution or enlargement of benefits or potential benefits intended to be made available under this Award Agreement, in a manner the Committee deems equitable or appropriate, taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, and in the number, class, kind and option or exercise price of securities subject to the Award Agreement (including, if the Committee deems appropriate, the substitution of awards denominated in the shares of another company).

4.4 Merger, Consolidation, Reorganization, Liquidation, etc. If H&R Block shall become a party to any corporate merger, consolidation, major acquisition of property for stock, reorganization, or liquidation, all Plan awards outstanding on the effective date of the consummation of the transaction shall be treated in the manner the Committee, in its discretion, deems equitable and appropriate after taking into consideration relevant facts, including the accounting and tax consequences. Such treatment need not treat all Awards (or all portions of an Award) in an identical manner. Such treatment may include, but is not limited to, the substitution of new Awards, or for any Awards then outstanding, the assumption of any such Awards or the cancellation of such Awards for a payment to Participant in cash or other property in an amount determined by the Committee (and, for the avoidance of doubt, such cancellation may be without any payment to Participant in the event the Committee determines that the intrinsic value of the Award is zero or negative). Any such arrangements shall be binding upon Participant and any action taken under this Section 4.4 shall either preserve an Award's status as exempt from Code Section 409A or comply with Code Section 409A.

4.5 Interpretation and Regulations. The Committee shall have the full power and authority provided under Section 4.2 of the Plan and provided by delegation by the Board, subject to the terms of the Plan, and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board. Such power and authority shall include, but not be limited to, the power and authority to: (a) interpret and administer the Plan, the Award Agreement, and any instrument or agreement entered into under or in connection with the Plan; (b) correct any defect, supply any omission or reconcile any inconsistency in the Plan or the Award Agreement in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (c) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan and Award; (d) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan and Award; (e) determine whether, to what extent and under what circumstances the Award shall be canceled or suspended; and (f) determine, for purposes of the Plan and this Award Agreement, (i) the date and circumstances that constitute a cessation or termination of employment, (ii) whether such cessation or termination is the result of Retirement, death, Disability, termination

without Cause or any other reason, and (iii) what constitutes continuous employment with respect to vesting under this Award Agreement. Notwithstanding the foregoing, leaves of absence approved by the Committee or transfers of employment among the subsidiaries of H&R Block shall not be considered an interruption of continuous employment under the Plan, unless otherwise required by Code Section 409A.

4.6 Reservation of Rights. If at any time Company determines that qualification or registration of the Units or any shares of Common Stock subject to the Units under any federal, state or other applicable securities law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of executing an Award or providing a benefit under the Plan, then such action may not be taken, in whole or in part, unless and until such qualification, registration, consent or approval shall have been effected or obtained free of any conditions Company deems unacceptable.

4.7 Withholding of Taxes. Company shall make the delivery of shares of Common Stock pursuant to this Award Agreement net of all federal, state, local or foreign taxes required to be paid or withheld as a result of the delivery of shares of Common Stock. Unless otherwise determined pursuant to established procedures pursuant to the Plan, the number of shares of Common Stock withheld shall be based on the Fair Market Value of such shares on the vesting date and the minimum required tax withholding rate for Participant (or such other rate that will not cause an adverse accounting consequence or cost to Company).

4.8 Reasonableness of Restrictions, Severability and Court Modification . Participant and Company agree that the restrictions contained in this Award Agreement are reasonable, but, should any provision of this Award Agreement be determined by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable or unreasonable in scope, the validity, legality and enforceability of the other provisions of this Award Agreement will not be affected thereby, and the provision found invalid, illegal, or otherwise unenforceable or unreasonable will be considered by Company and Participant to be amended as to scope of protection, time or geographic area (or any one of them, as the case may be) in whatever manner is considered reasonable by that court and, as so amended, will be enforced.

4.9 Waiver. The failure of Company to enforce at any time any terms, covenants or conditions of this Award Agreement shall not be construed to be a waiver of such terms, covenants or conditions or of any other provision. Any waiver or modification of the terms, covenants or conditions of this Award Agreement shall only be effective if reduced to writing and signed by both Participant and an officer of Company.

4.10 Plan Control. The terms of this Award Agreement are governed by the terms of the Plan, as it exists on the Grant Date (except to the extent the Plan is amended from time to time and such amendment is intended to have retroactive effect). Except where the Plan expressly permits an award agreement to provide for different terms, if any provisions of this Award Agreement conflict with any provisions of the Plan, the terms of the Plan shall control.

4.11 Notices. Any notice to be given to Company or election to be made under the terms of this Award Agreement shall be addressed to Company (Attention: Long Term Incentive

Department) at One H&R Block Way, Kansas City Missouri 64105, or at such other address or by such other means as Company may hereafter designate in writing to Participant. Any notice to be given to Participant shall be addressed to Participant at the last address of record with Company or at such other address as Participant may hereafter designate in writing to Company. Any such notice shall be deemed to have been duly given when deposited in the United States mail via regular or certified mail, addressed as aforesaid, postage prepaid.

4.12 Choice of Law. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Missouri without reference to principles of conflicts of laws.

4.13 Choice of Forum and Jurisdiction. Participant and Company agree that any proceedings to enforce the obligations and rights under this Award Agreement must be brought in the Missouri District Court located in Jackson County, Missouri, or in the United States District Court for the Western District of Missouri in Kansas City, Missouri. Participant agrees and submits to personal jurisdiction in either court. Participant and Company further agree that this Choice of Forum and Jurisdiction is binding on all matters related to Awards under the Plan and may not be altered or amended by any other arrangement or agreement (including an employment agreement) without the express written consent of Participant and H&R Block.

4.14 Compliance with Section 409A. Notwithstanding any provision in this Award Agreement or the Plan to the contrary, this Award Agreement shall be interpreted and administered in accordance with Code Section 409A and regulations and other guidance issued thereunder ("Section 409A"). For purposes of determining whether any payment made pursuant to this Award Agreement results in a "deferral of compensation" within the meaning of Treasury Regulation 1.409A-1(b), H&R Block shall maximize the exemptions described in such section, as applicable. Any reference to a "termination of employment" or similar term or phrase shall be interpreted as a "separation from service" within the meaning of Section 409A. If any deferred compensation payment is payable while Participant is a "specified employee" under Section 409A, and payment is due because of separation from service for any reason other than death, then payment of such amount shall be delayed for a period of six months and paid in a lump sum on the first payroll payment date following the earlier of the expiration of such six month period or Participant's death. To the extent any payments under this Award Agreement are made in installments, each installment shall be deemed a separate payment for purposes of Section 409A and the regulations issued thereunder. Participant or his or her beneficiary, as applicable, shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on Participant or his or her beneficiary in connection with any payments to Participant or his or her beneficiary pursuant to this Award Agreement, including but not limited to any taxes, interest and penalties under Section 409A, and neither H&R Block nor any of its affiliates shall have any obligation to indemnify or otherwise hold Participant or his or her beneficiary harmless from any and all of such taxes and penalties.

4.15 Attorneys Fees. Participant and Company agree that in the event of litigation to enforce the terms and obligations under this Award Agreement, the party prevailing in any such cause of action will be entitled to reimbursement of reasonable attorneys fees.

4.16 Relationship of the Parties. Participant acknowledges that this Award Agreement is between H&R Block and Participant. Participant further acknowledges that H&R Block is a holding company and that Participant is not an employee of H&R Block.

4.17 Headings. The section headings herein are for convenience only and shall not be considered in construing this Award Agreement.

4.18 Amendment. No amendment, supplement, or waiver to this Award Agreement is valid or binding unless in writing and signed on behalf of H&R Block by an officer of H&R Block, and, if materially adverse to Participant, signed by Participant.

4.19 Execution of Agreement. This Award Agreement shall not be enforceable by either party, and Participant shall have no rights with respect to the Awards made hereunder, unless and until it has been (a) signed by Participant within 180 days of [Grant Date], (b) signed on behalf of H&R Block by an officer of H&R Block, and (c) returned to H&R Block.

This Award Agreement may be signed by the parties via facsimile or electronic signature, as acceptable to Company, and may be signed by H&R Block via stamped signature.

4.20 **WAIVER OF JURY TRIAL.** PARTICIPANT KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING, ACTION OR CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT.

5. Definitions. Whenever a term is used in this Award Agreement, the following words and phrases shall have the meanings set forth below or as set forth in the Plan unless the context plainly requires a different meaning, and when a defined meaning is intended, the term is capitalized.

5.1 Amount of Gain Realized. The Amount of Gain Realized shall be equal to the number of shares of Common Stock that Participant receives pursuant to Section 1.3 of this Award Agreement multiplied by the Fair Market Value of one share of Common Stock on the Vesting Date (as defined in Section 1.3).

5.2 Board. Board means the Board of Directors of H&R Block.

5.3 Cause. Cause means those actions or omissions that constitute cause for termination under the written Company severance plan that applies to Participant. If no severance plan applies to Participant or if the applicable severance plan does not define "Cause," then Cause shall have the meaning found in the H&R Block Severance Plan, or any successor to that plan. Notwithstanding any of the foregoing, if Participant's employment agreement with Company includes a definition for cause, the definition of cause in the employment agreement shall apply.

5.4 Change in Control. Change in Control means the occurrence of one or more of the following events:

(a) Any one person, or more than one person acting as a group, acquires ownership of stock of H&R Block that, together with stock held by such person or group, constitutes more than

50 percent of the total fair market value or total voting power of the stock of H&R Block. If any one person, or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of H&R Block, the acquisition of additional stock by the same person or persons shall not be considered to cause a Change in Control. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which H&R Block acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section 5.4(a).

(b) Any one person, or more than one person acting as a group, acquires (when combined with all other acquisitions of H&R Block stock acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of H&R Block possessing 35 percent or more of the total voting power of the stock of H&R Block. If any one person, or more than one person acting as a group, is considered to effectively control a corporation within the meaning of Treasury Regulation 1.409A-3(i)(5)(vi), the acquisition of additional control of the corporation by the same person or persons is not considered to cause a change in the effective control of the corporation. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which H&R Block acquires its stock in exchange for property will not be treated as an acquisition of stock for purposes of this Section 5.4(b), but will be treated as an acquisition of stock for purposes of Section 5.4(a).

(c) A majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by two-thirds (2/3) of the members of the Board before the date of such appointment or election.

(d) Any one person, or more than one person acting as a group, acquires (when combined with all other acquisitions of H&R Block assets acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from H&R Block that have a total gross fair market value equal to or more than 50 percent of the total gross fair market value of all of the assets of H&R Block immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of H&R Block, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Notwithstanding the foregoing, there is no Change in Control event under this Section 1.4(d) when there is a transfer to an entity that is controlled by the shareholders of H&R Block immediately after the transfer. A transfer of assets by H&R Block is not treated as a change in the ownership of such assets if the assets are transferred to: (i) a shareholder of H&R Block (immediately before the asset transfer) solely in exchange for or with respect to its stock; (ii) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by H&R Block; (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of H&R Block; or (iv) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in (iii) above.

Notwithstanding the foregoing, the direct or indirect sale of any or all of the stock of, merger or liquidation of, or sale or assumption of all or substantially all the assets or liabilities of, H&R Block Bank FSB, (i) will not be considered a Change in Control for purposes of this Award Agreement, and (ii) will not be included in any determination of the total gross fair market value of assets of H&R Block sold during any 12-month period under Section 5.4(d) above.

For purposes of this section, persons will be considered to be acting as a group in accordance with Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, and Code Section 409A.

5.5 Code. Code means the Internal Revenue Code of 1986, as amended.

5.6 Committee. Committee means the Compensation Committee of the Board.

5.7 Common Stock. Common Stock means the common stock of H&R Block, without par value.

5.8 Company. Company means H&R Block, Inc., a Missouri corporation, and includes its "subsidiary corporations" (as defined in Code Section 424(f)) and their respective divisions, departments and subsidiaries and the respective divisions, departments and subsidiaries of such subsidiaries.

5.9 Closing Price. Closing Price shall mean the last reported market price for one share of Common Stock, regular way, on the New York Stock Exchange (or any successor exchange or stock market on which such last reported market price is reported) on the day in question. If the exchange is closed on the day on which the Closing Price is to be determined or if there were no sales reported on such date, the Closing Price shall be computed as of the last date preceding such date on which the exchange was open and a sale was reported.

5.10 Comparable Position. Comparable Position means a position where:

(a) the primary work location is within 50 miles of Participant's primary work location prior to the Qualifying Involuntary Separation, and

(b) the compensation rate (salary and target bonus) is not more than 10% below Participant's compensation rate at the time of the Qualifying Involuntary Separation.

5.11 Fair Market Value. Fair Market Value means the Closing Price for one share of Common Stock.

5.12 Good Reason Termination. Good Reason Termination means a Termination of Employment initiated by Participant that is related to one or more conditions described in subsection (a), and that is subject to the timing, notice and remedy provisions of subsection (b):

(a) *Conditions for Good Reason Termination*. The conditions that qualify for Good Reason Termination shall be those conditions provided in the definition of Good Reason Termination under the written Company severance plan that applies to Participant, unless Participant's employment agreement with Company includes such definition (or a definition of "Good Reason"), in which case the definition in the employment agreement shall apply. For the avoidance of doubt, any such definition shall only apply with respect to determining the conditions that constitute "Good Reason." The periods of time relating to the initial existence, notice, and

remedy of any such condition are determined solely as described in subsection (b). If no severance plan or employment agreement applies to Participant or if neither includes a definition of "Good Reason" or "Good Reason Termination," then the conditions that qualify for Good Reason Termination are:

(i) A change in Participant's primary work location that is more than 50 miles from Participant's previous primary work location, or

(ii) A diminution of Participant's compensation rate (salary and target bonus) of more than 10%.

(b) *Timing, Notice and Remedy Requirements*. Participant's voluntary Termination of Employment qualifies as a Good Reason Termination only if such Termination of Employment occurs within 18 months after a Change in Control because of a qualifying condition described in subsection (a), and only if (i) the initial existence of the condition occurs no more than 90 days before the Change in Control, or occurs on or after the Change in Control; (ii) Participant does not consent to the condition; and (iii) Company does not substantially remedy the condition (as further described in this section).

Participant must provide written notice to Company within 30 days of the later of (i) the initial existence of the condition for which Participant will terminate employment, or (ii) the date the Change in Control occurs, and Participant must remain employed with Company for at least 30 days after providing such notice. During the 30 days following receipt of the notice, Company may take substantial steps to remedy the event, occurrence or condition for which notice was given, in which case a Good Reason Termination will not occur as a result of the condition.

5.13 Last Day of Employment. Last Day of Employment means the date of Participant's Termination of Employment.

5.14 Qualifying Involuntary Separation. Qualifying Involuntary Separation means Company's involuntary Termination of Employment of Participant without Cause; provided, however, that Qualifying Involuntary Separation does not include the elimination of Participant's position where Participant was offered a Comparable Position with Company or with a party (or a subsidiary or an affiliate of such a party) that acquires any asset from Company. In order to qualify as a Qualifying Involuntary Separation, the involuntary separation without Cause must occur no more than 90 days before or 18 months after a Change in Control.

5.15 Restricted Share Units. Restricted Share Units means Restricted Share Units granted to Participant under the Plan subject to such terms and conditions as the Committee may determine at the time of issuance.

5.16 Retirement. Retirement means Participant's voluntary Termination of Employment with Company at or after the date Participant has reached age 60. Retirement shall be deemed to occur on Last Day of Employment.

5.17 Termination of Employment. Termination of Employment, termination of employment and similar references mean a separation from service within the meaning of Code Section 409A. If Participant is an employee, Participant will generally have a Termination of

Employment if Participant voluntarily or involuntarily terminates employment with Company. A termination of employment occurs if the facts and circumstances indicate that Participant and Company reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services Participant will perform after such date (whether as an employee, director or other independent contractor) for Company will decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee, director or other independent contractor) over the immediately preceding 36-month period (or full period of services if Participant has been providing services for less than 36 months). For purposes of this Section 5.17, "Company" includes any entity that would be aggregated with Company under Treasury Regulation 1.409A-1(h)(3).

6. ACKNOWLEDGEMENT OF COVENANTS AND WAIVERS.

6.1 Participant understands and acknowledges that this Award Agreement confers both rights and obligations upon Participant.

6.2 Participant has reviewed this Award Agreement in its entirety and understands that by signing this Award Agreement, Participant agrees to all of its terms, including, but not limited to, the covenants set forth in Section 2 of this Award Agreement, the Choice of Forum and Jurisdiction, and the Waiver of Jury Trial set forth in Section 4 of this Award Agreement.

6.3 Participant acknowledges that Company has advised Participant to seek his or her own legal counsel before signing this Award Agreement and that Participant has consulted or has had the opportunity to consult with his or her personal attorney prior to executing this Award Agreement.

[Signature Page Follows.]

In consideration of said Award and the mutual covenants contained herein, the parties agree to the terms set forth above.

The parties hereto have executed this Award Agreement.

Participant Name: [Participant Name]

Date Signed: [Acceptance Date]

H&R BLOCK, INC.
By:

William C. Cobb
President and Chief Executive Officer

Exhibit 10.3

H&R BLOCK, INC.
2013 LONG TERM INCENTIVE PLAN
NON-QUALIFIED STOCK OPTION
AWARD AGREEMENT

This Award Agreement is entered into by and between H&R Block, Inc., a Missouri corporation ("H&R Block"), and [Participant Name] ("Participant").

WHEREAS, H&R Block provides certain incentive awards ("Awards") to key employees of subsidiaries of H&R Block under the H&R Block, Inc. 2013 Long Term Incentive Plan (the "Plan");

WHEREAS, Participant has been selected by the Board, the Compensation Committee, or the Chief Executive Officer of H&R Block to receive an Award under the Plan; and

WHEREAS, receipt of this Award is conditioned upon Participant's execution of this Award Agreement within 180 days of [Grant Date], wherein Participant agrees to abide by certain terms and conditions authorized by the Compensation Committee of the Board.

NOW THEREFORE, in consideration of the parties' promises and agreements set forth in this Award Agreement, the sufficiency of which the parties hereby acknowledge,

IT IS AGREED AS FOLLOWS:

1. Stock Option.

1.1 Grant of Stock Option. As of [Grant Date] (the "Grant Date"), H&R Block grants Participant the right and option to purchase [Number of Shares Granted] shares of Common Stock (this "Stock Option"). This Stock Option is not an "incentive stock option" as defined in Code Section 422(b).

1.2 Requirement of Employment. In order to become vested in the Stock Option, Participant must remain continuously employed with Company through the applicable Vesting Date (as set forth in Section 1.4). Except as otherwise provided in this Award Agreement, or absent a written agreement to the contrary, if Participant's employment with Company terminates before a Vesting Date, for any reason other than those set forth in Section 1.5, then the unvested portion of the Stock Option, if any, shall be forfeited by Participant, and Participant shall have no right to purchase shares of Common Stock related thereto.

1.3 Option Price. The price per share of Common Stock subject to this Stock Option is [Grant Price], which is the Closing Price on [Grant Date] (the "Option Price").

1.4 Vesting. Subject to Section 1.2, this Stock Option shall vest on the dates noted below (each, a "Vesting Date") and become exercisable in installments, which shall be cumulative, with regard to the percentage of the number of shares of Common Stock subject to this Stock Option indicated next to each Vesting Date set forth in the table below:

Vesting Date	Percent of Stock Option Subject to Vesting on Such Vesting Date
First Anniversary of the Grant Date	33 1/3%
Second Anniversary of the Grant Date	33 1/3%
Third Anniversary of the Grant Date	33 1/3%

If the percentage of the aggregate number of shares of Common Stock subject to this Stock Option scheduled to vest on a Vesting Date is not a whole number of shares, then the amount vesting on such Vesting Date shall be rounded up or down to the nearest whole number of shares for each Vesting Date in accordance with the administrative systems established by Company's third-party stock plan administrator, except that the amount vesting on the final Vesting Date shall be such that 100% (and for the avoidance of doubt, no more than 100%) of the aggregate number of shares of Common Stock subject to this Stock Option shall be cumulatively vested as of the final Vesting Date.

1.5 Acceleration of Vesting. Notwithstanding Section 1.4, this Stock Option, or a portion thereof, vests on the occurrence of any of the following events:

(a) *Termination Related to Change in Control*. Upon Participant's Qualifying Involuntary Separation or Good Reason Termination, 100% of this Stock Option not already vested shall immediately vest and become exercisable upon the later of the date of the Change in Control and Participant's Last Day of Employment.

(b) *Retirement.* If Participant's Retirement from Company occurs at least one year after the Grant Date, 100% of this Stock Option not already vested shall immediately vest and become exercisable upon Participant's Last Day of Employment.

(c) *Other Termination of Employment.* All unvested portions of this Stock Option still outstanding shall be forfeited upon occurrence of Participant's death, Disability, or Termination of Employment not described in subsection (a) or (b).

1.6 Term of Option. No portion of this Stock Option may be exercised after [Expiration Date] (the "Expiration Date"). Except as provided in this Section 1.6, this Stock Option shall terminate when Participant ceases, for any reason, to be an employee of Company:

(a) *After Qualifying Involuntary Separation, Good Reason Termination, Retirement or Early Retirement.* If Participant ceases to be an employee of Company on account of a Qualifying Involuntary Separation, Good Reason Termination, Retirement or Early Retirement, Participant may exercise any vested portion of this Stock Option at any time for a period of up to three (3) years after Participant's Last Day of Employment, but in no event after the Expiration Date.

(b) *After Involuntary Termination of Employment without Cause.* If Participant ceases to be an employee of Company on account of an involuntary Termination of Employment without Cause that is not a Qualifying Involuntary Separation, and no Comparable Position is offered, Participant may exercise any vested portion of this Stock Option at any time for a period of up to eighteen (18) months after Participant's Last Day of Employment, but in no event after the Expiration Date.

(c) *After Participant's Death or Disability*. If Participant ceases to be an employee of Company because of Disability or death, Participant, or the person or persons to whom Participant's rights under this Award Agreement pass by Participant's will or laws of descent and distribution, as applicable in the case of death, may exercise any vested portion of this Stock Option at any time for a period of up to twelve (12) months after Participant's Disability or date of death, as applicable, but in no event after the Expiration Date.

1.7 Exercise of Stock Option. This Stock Option shall be exercisable by Participant by giving notice of exercise to Company, in the manner specified by Company, specifying the number of whole shares to be purchased, and accompanied by full payment of the purchase price. The right to purchase shall be cumulative, so that the full number of shares of Common Stock that become purchasable at any time need not be purchased at such time, but may be purchased at any time or from time to time thereafter (but prior to the termination of this Stock Option).

1.8 Payment of the Option Price. Full payment of the Option Price for shares purchased shall be made at the time Participant exercises this Stock Option. Payment of the aggregate Option Price may be made in (a) cash (which may include same day sales through a broker), (b) by delivery of Common Stock (with a value equal to the Closing Price of Common Stock on the last trading date preceding the date on which this Stock Option is exercised), or (c) a combination thereof.

1.9 No Shareholder Privileges. Neither Participant nor any person claiming under or through him or her shall be, or have any of the rights or privileges of, a shareholder of H&R Block (including the right to vote shares or to receive dividends) with respect to any of the Common Stock issuable upon the exercise of this Stock Option, unless and until such shares of Common Stock shall have been duly issued and delivered to Participant as a result of such exercise of any vested portion of this Stock Option. No dividend equivalents shall be issued with respect to this Stock Option.

2. Covenants.

2.1 Consideration for Award under the Plan. Participant acknowledges that Participant's agreement to this Section 2 is a key consideration for the Award made under this Award Agreement. Participant hereby agrees to abide by the covenants set forth in Sections 2.2, 2.3, 2.4, 2.5, 2.6, and 2.7.

2.2 Covenant Against Competition. During the period of Participant's employment and for two (2) years after his or her Last Day of Employment, Participant acknowledges and agrees he or she will not, directly or indirectly, establish or engage in any business or organization, or own or control any interest in, be employed by, or act as an officer, director, consultant, advisor, or lender to, any of the following located in those geographic markets where Participant has had direct and substantial involvement in Company's operations in such geographic markets: (a) any entity that engages in any business competitive with the business activities of Company including, without limitation, its assisted and digital (including software)

tax services businesses ("Prohibited Companies"); (b) any financial institution or business where any of Participant's duties or activities would relate to or assist in providing services or products to one or more of the Prohibited Companies for use in connection with products, services or assistance being provided to customers; or (c) any financial institution or business whose primary purpose is to provide services or products to one or more of the Prohibited Companies for use in connection with products, services or assistance being provided to customers. Without limiting clause (c), any financial institution or business whose profits or revenues from the provision of services or products to the Prohibited Companies exceeds 25% of total profits or revenues, as the case may be, shall be deemed to be covered by clause (c). For Participants whose primary place of employment as of the Last Day of Employment is in Puerto Rico or Arizona, the restrictions in this Section 2.2 shall be limited to one (1) year following Participant's Last Day of Employment. The restrictions in this Section 2.2 shall not apply if Participant's primary place of employment as of the Last Day of Employment is in California or North Dakota; provided, however, to the extent permitted under such states' laws, Company nevertheless retains all rights and remedies set forth in Sections 2.8 and 2.9 in lieu of enforcing the restrictive covenant set forth in this Section 2.2.

2.3 Covenant Against Solicitation of Employees. Participant acknowledges and agrees that, during the period of Participant's employment and for one (1) year after his or her Last Day of Employment, Participant will not directly or indirectly: (a) recruit, solicit, or otherwise induce any employee of Company to leave the employment of Company or to become an employee of or otherwise be associated with Participant or any company or business with which Participant is or may become associated; or (b) hire any employee of Company as an employee or otherwise in any company or business with which Participant is or may become associated. The restrictions in this Section 2.3 shall not apply if Participant's primary place of employment as of the Last Day of Employment is in Wisconsin; provided, however, to the extent permitted under such state's laws, Company nevertheless retains all rights and remedies set forth in Sections 2.8 and 2.9 in lieu of enforcing the restrictive covenant set forth in this Section 2.3.

2.4 Covenant Against Solicitation of Customers. During the period of Participant's employment and for two (2) years after his or her Last Day of Employment, Participant acknowledges and agrees that he or she will not, directly or indirectly, solicit or enter into any arrangement with any person or entity which is, at the time of the solicitation, a customer of Company for purposes of engaging in any business transaction of the nature performed by Company, or contemplated to be performed by Company, provided that this Section 2.4 will only apply to customers for whom Participant personally provided services while employed by Company or customers about whom or which Participant acquired material information while employed by Company. For Participants whose primary place of employment as of the Last Day of Employment is in Puerto Rico or Arizona, the restrictions in this Section 2.4 shall be limited to one (1) year following Participant's Last Day of Employment. The restrictions in this Section 2.4 shall not apply if Participant's primary place of employment as of the Last Day of Employment is in California or North Dakota; provided, however, to the extent permitted under such state's laws, Company nevertheless retains all rights and remedies set forth in Sections 2.8 and 2.9 in lieu of enforcing the restrictive covenant set forth in this Section 2.4.

2.5 Covenant Against Disclosure of Confidential Information . Participant acknowledges and agrees: (a) that "Confidential Business Information" includes, but is not limited to, Company's client lists and information, employee lists and information, developments, systems, designs, software, databases, know-how, marketing plans, product information, business and financial information and plans, strategies, forecasts, new products and services, financial statements, budgets, projections, prices, and acquisition and disposition plans, regardless of whether any court determines that such information constitutes a trade secret as defined by applicable law; and (b) that (i) Company has spent many years developing its business and clients, and is engaged in a continuous program of developing its business and clients, (ii) Company's methods of operation are unique within the industry, (iii) Participant's position creates a relationship of confidence and trust between Participant and Company with respect to Company's Confidential Business Information, and (iv) Participant's disclosure of Confidential Business Information could substantially injure Company's present and planned business.

Therefore, Participant agrees that at all times during employment and for a period of two (2) years after Participant's Last Day of Employment with Company, Participant shall keep in strictest confidence and trust all Confidential Business Information. During this period, Participant shall not use or disclose any Confidential Business Information without the written consent of Company, except as may be necessary in the ordinary course of performing duties as an employee of Company or as may be required by law.

Notwithstanding the foregoing, to the extent that any Confidential Business Information satisfies the legal definition of "trade secret," and for so long as such information remains a trade secret, Participant shall keep in strictest confidence such trade secret and not use or disclose any such trade secret without the written consent of Company, except as may be necessary in the ordinary course of performing duties as an employee of Company or as may be required by law. Participant acknowledges that trade secrets include, but are not limited to, Company's client lists and all information identifying its clients, and all information pertaining to Company's business development, marketing plans, product information, business and financial information and plans, and strategies.

2.6 Covenant Regarding Company Property . Participant acknowledges and agrees that as between Participant and Company, all Confidential Business Information is the sole and exclusive property of Company and/or Company's nominee(s) or assign(s). Participant hereby assigns and agrees to assign to Company any rights Participant may have or may acquire in such Confidential Business Information.

In the event that Participant conceives or develops, in whole or in part, any inventions, discoveries, ideas, concepts, strategies, plans, processes, systems, products, services, know-how, technology, software, website content, writings, expressions, designs, artwork, graphics, names, logos or other proprietary developments while employed by Company that (a) directly or indirectly relate in any way to or arise out of Participant's job responsibilities or the performance of the duties or assigned tasks of Participant with Company; or (b) directly or indirectly relate or pertain in any way to the existing or reasonably anticipated business, products, services, or other activities of Company; or (c) were otherwise conceived or developed, in whole or in part, using Company time or materials or based upon Confidential Business Information (collectively, the "Developments"), all right, title, and interest in and to the Developments including, without limitation, all patent, copyright, trademark, trade secret and other proprietary rights therein shall become the sole and exclusive property of Company and/or Company's nominee(s) or assign(s).

Participant acknowledges that any Developments subject to copyright protection shall be considered "works-for-hire" on behalf of Company as such term is defined under the copyright laws of the United States. All right, title and interest in such Developments or components thereof shall automatically vest in Company and Company shall be the author and exclusive owner thereof including, without limitation, all copyrights (and renewals and extensions thereof), merchandising and allied, ancillary and subsidiary rights therein. To the extent that any of the Developments, or any portion thereof, may not qualify as a work-for-hire or for copyright protection, Participant hereby irrevocably assigns and agrees to assign in the future all right, title, and interest in and to the Developments to Company or Company's nominee(s) or assign(s), including, without limitation, all patent, copyright, trademark, trade secret and any and all other proprietary rights therein.

Participant will keep and maintain adequate and current written records of the conception and development of Developments in the form of notes, sketches, drawings, reports or other documents relating thereto, which records shall be and shall remain the sole and exclusive property of Company and shall be available to Company at all times.

Participant further agrees to execute and deliver all documents and do all acts that Company shall deem necessary or desirable to secure to Company or its nominee(s) or assignee(s) the entire right, title and interest in and to the Confidential Business Information and Developments, at Company's expense. Participant further agrees to cooperate with Company as reasonably necessary to maintain or enforce Company's rights in the Confidential Business Information and Developments.

In the event Participant's employment terminates, Participant shall promptly deliver to Company the originals and all copies of all Confidential Business Information, Developments and other materials and property of any nature belonging to Company and obtained during the course of, or as a result of, Participant's employment with Company. In addition, upon such termination, Participant shall not remove from the premises of Company any of its documents or property.

2.7 Non-Disparagement. Participant agrees, that after his or her Last Day of Employment, Participant will not disparage Company or any of its directors, officers, executives, employees, agents or other Company representatives ("Related Parties"), or make or solicit any comments to the media or others that may be considered derogatory or detrimental to the good business name or reputation of Company or Related Parties. This clause has no application to any communications with the Equal Employment Opportunity Commission or any state or local agency responsible for investigation and enforcement of discrimination laws.

2.8 Forfeiture of Rights. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 2, Participant shall forfeit all rights to payments or benefits under the Plan. If this Stock Option is outstanding on such date, it shall be cancelled.

2.9 Remedies. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 2, whether before, on or after any settlement of an Award under the Plan, then Participant shall promptly pay to Company an amount equal to the aggregate

Amount of Gain Realized by Participant on any portion of this Stock Option exercised after a date commencing one (1) year before Participant's Last Day of Employment. Participant shall pay Company within three (3) business days after the date of any written demand by Company to Participant.

2.10 Remedies Payable. Participant shall pay the amounts described in Section 2.9 in cash or as otherwise determined by Company.

2.11 Remedies without Prejudice. The remedies provided in this Section 2 shall be without prejudice to the rights of Company to recover any losses resulting from the applicable conduct of Participant, and shall be in addition to any other remedies Company may have, at law or in equity, resulting from such conduct.

2.12 Survival. Participant's obligations in this Section 2 shall survive and continue beyond settlement of all Awards under the Plan and any termination or expiration of this Award Agreement for any reason.

2.13 Tolling. The restricted period for each of the covenants in this Award Agreement shall be tolled during (a) any period(s) of violation that occur during the original restricted period; and (b) any period(s) of time required by litigation to enforce the covenant (other than any periods during which Participant is enjoined from engaging in the prohibited activity and is in compliance with such order of enjoinment) provided that the litigation is filed within one year following the end of the two-year period immediately following the cessation of employment.

3. Non-Transferability of Award. This Award (including all rights, privileges and benefits conferred under such Award) shall not be transferred, assigned, pledged, or hypothecated in any way (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment or similar process. Upon any attempt to transfer, assign, pledge, hypothecate, or otherwise dispose of this Award, or of any right or privilege conferred hereby, contrary to the provisions hereof, or upon any attempted sale under any execution, attachment, or similar process upon the rights and privileges hereby granted, then and in any such event this Award and the rights and privileges hereby granted shall immediately become null and void.

4. Miscellaneous.

4.1 No Employment Contract. This Award Agreement does not confer on Participant any right to continued employment for any period of time, and is not an employment contract.

4.2 Clawback. If a restatement of H&R Block's financial results occurs and (a) the vesting or the Amount of Gain Realized with respect to any portion of this Award, or (b) the vesting or issuance of Shares pursuant to any other award granted under the Plan or any other company-sponsored equity compensation plan, or (c) any other cash compensation received by Participant pursuant to a Company-sponsored incentive plan, would not have occurred, been paid or would have been reduced if the results represented by the restatement were known as of the time of the original issuance of the financial results, Participant may be required to reimburse Company for the Amount of Gain Realized related to this Award. The Committee has sole discretion to make all determinations that may be made pursuant to this section, including the amount of reimbursement.

4.3 Adjustment of Shares. If any merger, reorganization, consolidation, recapitalization, dividend or distribution (whether in cash, shares or other property, other than a regular cash dividend), stock split, reverse stock split, spin-off or similar transaction or other change in corporate structure affects the Common Stock or the value thereof, the Committee shall make such adjustments and other substitutions to this Award Agreement as the Committee determines necessary or appropriate to prevent dilution or enlargement of benefits or potential benefits intended to be made available under this Award Agreement, in a manner the Committee deems equitable or appropriate, taking into consideration the accounting and tax consequences, including such adjustments in the aggregate number, class and kind of securities that may be delivered under the Plan, and in the number, class, kind and option or exercise price of securities subject to the Award Agreement (including, if the Committee deems appropriate, the substitution of awards denominated in the shares of another company).

4.4 Merger, Consolidation, Reorganization, Liquidation, etc. If H&R Block shall become a party to any corporate merger, consolidation, major acquisition of property for stock, reorganization, or liquidation, all Plan awards outstanding on the effective date of the consummation of the transaction shall be treated in the manner the Committee, in its discretion, deems equitable and appropriate after taking into consideration relevant facts, including the accounting and tax consequences. Such treatment need not treat all Awards (or all portions of an Award) in an identical manner. Such treatment may include, but is not limited to, the substitution of new Awards, or for any Awards then outstanding, the assumption of any such Awards or the cancellation of such Awards for a payment to Participant in cash or other property in an amount determined by the Committee (and, for the avoidance of doubt, such cancellation may be without any payment to Participant in the event the Committee determines that the intrinsic value of the Award is zero or negative). Any such arrangements shall be binding upon Participant and any action taken under this Section 4.4 shall either preserve an Award's status as exempt from Code Section 409A or comply with Code Section 409A.

4.5 Interpretation and Regulations. The Committee shall have the full power and authority provided under Section 4.2 of the Plan and provided by delegation by the Board, subject to the terms of the Plan, and subject to such orders or resolutions not inconsistent with the provisions of the Plan as may from time to time be adopted by the Board. Such power and authority shall include, but not be limited to, the power and authority to: (a) interpret and administer the Plan, the Award Agreement, and any instrument or agreement entered into under or in connection with the Plan; (b) correct any defect, supply any omission or reconcile any inconsistency in the Plan or the Award Agreement in the manner and to the extent that the Committee shall deem desirable to carry it into effect; (c) establish such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan and Award; (d) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan and Award; (e) determine whether, to what extent and under what circumstances the Award shall be canceled or suspended; and (f) determine, for purposes of the Plan and this Award Agreement, (i) the date and circumstances that constitute a cessation or termination of employment, (ii) whether such cessation or termination is the result of Retirement, death, Disability, termination without Cause or any other reason, and (iii) what constitutes continuous employment with respect to vesting under this Award Agreement. Notwithstanding the foregoing, leaves of absence approved by the Committee or transfers of employment among the subsidiaries of H&R Block shall not be considered an interruption of continuous employment under the Plan, unless otherwise required by Code Section 409A.

4.6 Reservation of Rights. If at any time Company determines that qualification or registration of this Stock Option or any shares of Common Stock subject to this Stock Option under any federal, state or other applicable securities law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of executing an Award or providing a benefit under the Plan, then such action may not be taken, in whole or in part, unless and until such qualification, registration, consent or approval shall have been effected or obtained free of any conditions Company deems unacceptable.

4.7 Withholding of Taxes. Company shall make the delivery of shares of Common Stock pursuant to this Award Agreement net of all federal, state, local or foreign taxes required to be paid or withheld as a result of the delivery of shares of Common Stock. Unless otherwise determined pursuant to established procedures pursuant to the Plan, the number of shares of Common Stock withheld shall be based on the Fair Market Value of such shares on the exercise date and the minimum required tax withholding rate for Participant (or such other rate that will not cause an adverse accounting consequence or cost to Company).

4.8 Reasonableness of Restrictions, Severability and Court Modification . Participant and Company agree that the restrictions contained in this Award Agreement are reasonable, but, should any provision of this Award Agreement be determined by a court of competent jurisdiction to be invalid, illegal or otherwise unenforceable or unreasonable in scope, the validity, legality and enforceability of the other provisions of this Award Agreement will not be affected thereby, and the provision found invalid, illegal, or otherwise unenforceable or unreasonable will be considered by Company and Participant to be amended as to scope of protection, time or geographic area (or any one of them, as the case may be) in whatever manner is considered reasonable by that court and, as so amended, will be enforced.

4.9 Waiver. The failure of Company to enforce at any time any terms, covenants or conditions of this Award Agreement shall not be construed to be a waiver of such terms, covenants or conditions or of any other provision. Any waiver or modification of the terms, covenants or conditions of this Award Agreement shall only be effective if reduced to writing and signed by both Participant and an officer of Company.

4.10 Plan Control. The terms of this Award Agreement are governed by the terms of the Plan, as it exists on the Grant Date (except to the extent the Plan is amended from time to time and such amendment is intended to have retroactive effect). Except where the Plan expressly permits an award agreement to provide for different terms, if any provisions of this Award Agreement conflict with any provisions of the Plan, the terms of the Plan shall control.

4.11 Notices. Any notice to be given to Company or election to be made under the terms of this Award Agreement shall be addressed to Company (Attention: Long Term Incentive Department) at One H&R Block Way, Kansas City Missouri 64105, or at such other address or by such other means as Company may hereafter designate in writing to Participant. Any notice to be given to Participant shall be addressed to Participant at the last address of record with Company or at such other address as Participant may hereafter designate in writing to Company. Any such notice shall be deemed to have been duly given when deposited in the United States mail via regular or certified mail, addressed as aforesaid, postage prepaid. Notwithstanding the foregoing, any notice of exercise of an option with respect to the Award shall be deemed to have been received upon the actual date of receipt by Company as provided herein.

4.12 Choice of Law. This Award Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Missouri without reference to principles of conflicts of laws.

4.13 Choice of Forum and Jurisdiction. Participant and Company agree that any proceedings to enforce the obligations and rights under this Award Agreement must be brought in the Missouri District Court located in Jackson County, Missouri, or in the United States District Court for the Western District of Missouri in Kansas City, Missouri. Participant agrees and submits to personal jurisdiction in either court. Participant and Company further agree that this Choice of Forum and Jurisdiction is binding on all matters related to Awards under the Plan and may not be altered or amended by any other arrangement or agreement (including an employment agreement) without the express written consent of Participant and H&R Block.

4.14 Attorneys Fees. Participant and Company agree that in the event of litigation to enforce the terms and obligations under this Award Agreement, the party prevailing in any such cause of action will be entitled to reimbursement of reasonable attorneys fees.

4.15 Relationship of the Parties. Participant acknowledges that this Award Agreement is between H&R Block and Participant. Participant further acknowledges that H&R Block is a holding company and that Participant is not an employee of H&R Block.

4.16 Headings. The section headings herein are for convenience only and shall not be considered in construing this Award Agreement.

4.17 Amendment. No amendment, supplement, or waiver to this Award Agreement is valid or binding unless in writing and signed on behalf of H&R Block by an officer of H&R Block, and, if materially adverse to Participant, signed by Participant.

4.18 Execution of Agreement. This Award Agreement shall not be enforceable by either party, and Participant shall have no rights with respect to the Awards made hereunder, unless and until it has been (a) signed by Participant within 180 days of [Grant Date], (b) signed on behalf of H&R Block by an officer of H&R Block, and (c) returned to H&R Block.

This Award Agreement may be signed by the parties via facsimile or electronic signature, as acceptable to Company, and may be signed by H&R Block via stamped signature.

4.19 **WAIVER OF JURY TRIAL**. PARTICIPANT KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING, ACTION OR CLAIM ARISING OUT OF OR RELATED TO THIS AGREEMENT.

5. **Definitions**. Whenever a term is used in this Award Agreement, the following words and phrases shall have the meanings set forth below or as set forth in the Plan unless the context plainly requires a different meaning, and when a defined meaning is intended, the term is capitalized.

5.1 Amount of Gain Realized. The Amount of Gain Realized shall be equal to the number of shares of Common Stock purchased pursuant to an exercise of this Stock Option multiplied by the difference between the actual market price of one share of Common Stock at the time of exercise and the Option Price; provided, however, to the extent the actual market price of one share of Common Stock at the time of exercise cannot be determined, the Amount of Gain Realized shall be equal to the number of shares of Common Stock purchased pursuant to an exercise of this Stock Option multiplied by the difference between the Fair Market Value of Common Stock on the date of exercise and the Option Price.

5.2 Board. Board means the Board of Directors of H&R Block.

5.3 Cause. Cause means those actions or omissions that constitute cause for termination under the written Company severance plan that applies to Participant. If no severance plan applies to Participant or if the applicable severance plan does not define "Cause," then Cause shall have the meaning found in the H&R Block Severance Plan, or any successor to that plan. Notwithstanding any of the foregoing, if Participant's employment agreement with Company includes a definition for cause, the definition of cause in the employment agreement shall apply.

5.4 Change in Control. Change in Control means the occurrence of one or more of the following events:

(a) Any one person, or more than one person acting as a group, acquires ownership of stock of H&R Block that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of H&R Block. If any one person, or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of H&R Block, the acquisition of additional stock by the same person or persons shall not be considered to cause a Change in Control. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which H&R Block acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section 5.4(a).

(b) Any one person, or more than one person acting as a group, acquires (when combined with all other acquisitions of H&R Block stock acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of H&R Block possessing 35 percent or more of the total voting power of the stock of H&R Block. If any one person, or more than one person acting as a group, is considered to effectively control a corporation within the meaning of Treasury Regulation 1.409A-3(i)(5)(vi), the acquisition of additional control of the corporation by the same person or persons is not considered to cause a change in the effective control of the corporation. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which H&R Block acquires its stock in exchange for property will not be treated as an acquisition of stock for purposes of this Section 5.4(b), but will be treated as an acquisition of stock for purposes of Section 5.4(a).

(c) A majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by two-thirds (2/3) of the members of the Board before the date of such appointment or election.

(d) Any one person, or more than one person acting as a group, acquires (when combined with all other acquisitions of H&R Block assets acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from H&R Block that have a total gross fair market value equal to or more than 50 percent of the total gross fair market value of all of the assets of H&R Block immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of H&R Block, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Notwithstanding the foregoing, there is no Change in Control event under this Section 5.4(d) when there is a transfer to an entity that is controlled by the shareholders of H&R Block immediately after the transfer. A transfer of assets by H&R Block is not treated as a change in the ownership of such assets if the assets are transferred to: (i) a shareholder of H&R Block (immediately before the asset transfer) solely in exchange for or with respect to its stock; (ii) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by H&R Block; (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of H&R Block; or (iv) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in (iii) above.

Notwithstanding the foregoing, the direct or indirect sale of any or all of the stock of, merger or liquidation of, or sale or assumption of all or substantially all the assets or liabilities of, H&R Block Bank FSB, (i) will not be considered a Change in Control for purposes of this Award Agreement, and (ii) will not be included in any determination of the total gross fair market value of assets of H&R Block sold during any 12-month period under Section 5.4(d) above.

For purposes of this section, persons will be considered to be acting as a group in accordance with Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, and Code Section 409A.

5.5 Code. Code means the Internal Revenue Code of 1986, as amended.

5.6 Committee. Committee means the Compensation Committee of the Board.

5.7 Common Stock. Common Stock means the common stock of H&R Block, without par value.

5.8 Company. Company means H&R Block, Inc., a Missouri corporation, and includes its "subsidiary corporations" (as defined in Code Section 424(f)) and their respective divisions, departments and subsidiaries and the respective divisions, departments and subsidiaries of such subsidiaries.

5.9 Closing Price. Closing Price shall mean the last reported market price for one share of Common Stock, regular way, on the New York Stock Exchange (or any successor exchange or stock market on which such last reported market price is reported) on the day in question. If the exchange is closed on the day on which the Closing Price is to be determined or if there were no sales reported on such date, the Closing Price shall be computed as of the last date preceding such date on which the exchange was open and a sale was reported.

5.10 Comparable Position. Comparable Position means a position where:

(a) the primary work location is within 50 miles of Participant's primary work location prior to the Qualifying Involuntary Separation, and

(b) the compensation rate (salary and target bonus) is not more than 10% below Participant's compensation rate at the time of the Qualifying Involuntary Separation.

5.11 Disability. Disability or disabled means, determined in accordance with the following determination periods:

(a) If Participant has coverage under a group long-term disability program maintained by Company, Participant is, by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of at least three months under such program; or

(b) If Participant does not have coverage under a group long-term disability program maintained by Company, Participant is unable to engage in any substantial gainful activity for a period of at least 9 months by reason of any medically determinable physical or mental impairment that can be expected to result in death or can be expected to last for a continuous period of not less than 12 months.

For this purpose, Participant shall be deemed to have incurred a Disability on the last day of the applicable determination period above.

5.12 Early Retirement. Early Retirement means Participant's voluntary termination of employment with Company at or after the date Participant has both reached age 55 but has not yet reached age 60, and completed at least five (5) years of service with Company.

5.13 Fair Market Value. Fair Market Value means the Closing Price for one share of Common Stock.

5.14 Good Reason Termination. Good Reason Termination means a Termination of Employment initiated by Participant that is related to one or more conditions described in subsection (a), and that is subject to the timing, notice and remedy provisions of subsection (b):

(a) *Conditions for Good Reason Termination*. The conditions that qualify for Good Reason Termination shall be those conditions provided in the definition of Good Reason Termination under the written Company severance plan that applies to Participant, unless Participant's employment agreement with Company includes such definition (or a definition of "Good Reason"), in which case the definition in the employment agreement shall apply. For the avoidance of doubt, any such definition shall only apply with respect to determining the conditions that constitute "Good Reason." The periods of time relating to the initial existence, notice, and remedy of any such condition are determined solely as described in subsection (b). If no severance

plan or employment agreement applies to Participant or if neither includes a definition of "Good Reason" or "Good Reason Termination," then the conditions that qualify for Good Reason Termination are:

(i) A change in Participant's primary work location that is more than 50 miles from Participant's previous primary work location, or

(ii) A diminution of Participant's compensation rate (salary and target bonus) of more than 10%.

(b) *Timing, Notice and Remedy Requirements*. Participant's voluntary Termination of Employment qualifies as a Good Reason Termination only if such Termination of Employment occurs within 18 months after a Change in Control because of a qualifying condition described in subsection (a), and only if (i) the initial existence of the condition occurs no more than 90 days before the Change in Control, or occurs on or after the Change in Control; (ii) Participant does not consent to the condition; and (iii) Company does not substantially remedy the condition (as further described in this section).

Participant must provide written notice to Company within 30 days of the later of (i) the initial existence of the condition for which Participant will terminate employment, or (ii) the date the Change in Control occurs, and Participant must remain employed with Company for at least 30 days after providing such notice. During the 30 days following receipt of the notice, Company may take substantial steps to remedy the event, occurrence or condition for which notice was given, in which case a Good Reason Termination will not occur as a result of the condition.

5.15 Last Day of Employment. Last Day of Employment means the date of Participant's Termination of Employment.

5.16 Qualifying Involuntary Separation. Qualifying Involuntary Separation means Company's involuntary Termination of Employment of Participant without Cause; provided, however, that Qualifying Involuntary Separation does not include the elimination of Participant's position where Participant was offered a Comparable Position with Company or with a party (or a subsidiary or an affiliate of such a party) that acquires any asset from Company. In order to qualify as a Qualifying Involuntary Separation, the involuntary separation without Cause must occur no more than 90 days before or 18 months after a Change in Control.

5.17 Retirement. Retirement means Participant's voluntary Termination of Employment with Company at or after the date Participant has reached age 60. Retirement shall be deemed to occur on Last Day of Employment.

5.18 Stock Option. Stock Option means the right to purchase, upon exercise of a stock option granted under the Plan, shares of Common Stock. The right and option to purchase shares of Common Stock pursuant to this Award Agreement shall not constitute and shall not be treated for any purpose as an "incentive stock option," as such term is defined in Code Section 422(b).

5.19 Termination of Employment. Termination of Employment, termination of employment and similar references mean a separation from service within the meaning of Code Section 409A. If Participant is an employee, Participant will generally have a Termination of

Employment if Participant voluntarily or involuntarily terminates employment with Company. A termination of employment occurs if the facts and circumstances indicate that Participant and Company reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services Participant will perform after such date (whether as an employee, director or other independent contractor) for Company will decrease to no more than 20 percent of the average level of bona fide services performed (whether as an employee, director or other independent contractor) over the immediately preceding 36-month period (or full period of services if Participant has been providing services for less than 36 months). For purposes of this Section 5.19, "Company" includes any entity that would be aggregated with Company under Treasury Regulation 1.409A-1(h)(3).

6. ACKNOWLEDGEMENT OF COVENANTS AND WAIVERS.

6.1 Participant understands and acknowledges that this Award Agreement confers both rights and obligations upon Participant.

6.2 Participant has reviewed this Award Agreement in its entirety and understands that by signing this Award Agreement, Participant agrees to all of its terms, including, but not limited to, the covenants set forth in Section 2 of this Award Agreement, the Choice of Forum and Jurisdiction, and the Waiver of Jury Trial set forth in Section 4 of this Award Agreement.

6.3 Participant acknowledges that Company has advised Participant to seek his or her own legal counsel before signing this Award Agreement and that Participant has consulted or has had the opportunity to consult with his or her personal attorney prior to executing this Award Agreement.

[Signature Page Follows.]

In consideration of said Award and the mutual covenants contained herein, the parties agree to the terms set forth above.

The parties hereto have executed this Award Agreement.

Participant Name: [Participant Name]

Date Signed: [Acceptance Date]

H&R BLOCK, INC.
By:

William C. Cobb
President and Chief Executive Officer

Exhibit 10.4

H&R BLOCK SEVERANCE PLAN
(Amended and Restated January 1, 2013)

1. **Purpose.** The H&R Block Severance Plan is a welfare benefit plan established by H&R Block Management, LLC, an indirect subsidiary of H&R Block, Inc., for the benefit of certain subsidiaries of H&R Block, Inc. in order to provide severance pay to certain employees to compensate for the involuntary loss of employment and a period of readjustment under the conditions set forth herein. This document constitutes both the plan document and the summary plan description required by the Employee Retirement Income Security Act of 1974.

2. **Definitions.**

(a) "Average Commission Amount" means an average of the Participant's prior three calendar year commission earnings (calculated each year beginning January 1). For Participants with less than three years of commission history, "Average Commission Amount" means the average of total commissions earned.

(b) "Cause" means one or more of the following grounds of an Employee's termination of employment with a Participating Employer:

(i) misconduct that interferes with or prejudices the proper conduct of the Company, the Employee's Participating Employer, or any other affiliate of the Company, or which may reasonably result in harm to the reputation of the Company, the Employee's Participating Employer, or any other affiliate of the Company;

(ii) commission of an act of dishonesty or breach of trust resulting or intending to result in material personal gain or enrichment of the Employee at the expense of the Company, the Employee's Participating Employer, or any other affiliate of the Company;

(iii) commission of an act materially and demonstrably detrimental to the good will of the Company, the Employee's Participating Employer, or any other affiliate of the Company, which act constitutes gross negligence or willful misconduct by the Employee in the performance of the Employee's material duties;

(iv) material violations of the policies or procedures of the Employee's Participating Employer, including, but not limited to, the H&R Block Code of Business Ethics & Conduct, except those policies or procedures with respect to which an exception has been granted under authority exercised or delegated by the Participating Employer;

(v) disobedience, insubordination or failure to discharge employment duties;

(vi) conviction of, or entrance of a plea of guilty or no contest, to a misdemeanor (involving an act of moral turpitude) or a felony;

(vii) inability of the Employee, the Company, the Employee's Participating Employer, and/or any other affiliate of the Company to participate, in whole or in part, in any activity subject to governmental regulation as the result of any action or inaction on the part of the Employee;

(viii) the Employee's death or total and permanent disability. The term "total and permanent disability" will have the meaning ascribed thereto under any long-term disability plan maintained by the Employee's Participating Employer;

(ix) any grounds described as a discharge or other similar term on the Participating Employer's separation review form or other similar document stating the reason for the Employee's termination of employment, including poor performance; or

(x) any other grounds of termination of employment that the Participating Employer deems for cause.

Notwithstanding the definition of Cause above, if an Employee's employment with a Participating Employer is subject to an employment agreement that contains a definition of "cause" for purposes of termination of employment, such definition of "cause" in such employment agreement shall replace the definition of Cause herein for the purpose of determining whether the Employee has incurred a Qualifying Termination, but only with respect to such Employee.

(c) "COBRA Subsidy" means an amount equal to the Participant's monthly post-employment premium for health and welfare benefits under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") less the amount paid from time to time by active employees for similar coverage. To be eligible for the COBRA Subsidy, the Participant must be enrolled in the Participating Employer's health and welfare plans on the Termination Date.

(d) "Code" means the Internal Revenue Code of 1986, as amended.

(e) "Company" means H&R Block, Inc.

(f) "Comparable Position" means a regular or seasonal position where:

(i) the primary work location is within 50 miles of the Employee's primary work location prior to the Qualifying Termination, and

(ii) the compensation rate (salary or hourly rate plus target bonus) is not more than 10% below the Employee's compensation rate (salary or hourly rate plus target bonus) at time of Qualifying Termination.

(g) “Employee” means a regular full-time or part-time, active employee of a Participating Employer whose employment with a Participating Employer is not subject to an employment contract that contains a provision that includes severance benefits. This definition expressly excludes employees of a Participating Employer classified as seasonal, temporary and/or inactive and employees who are customarily employed by a Participating Employer less than 20 hours per week.

(h) “ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

(i) “Equity Plan” means the Company’s 1993 Long-Term Executive Compensation Plan, 2003 Long-Term Executive Compensation Plan, 2013 Long-Term Incentive Plan, or any predecessor or successor plan.

(j) “Hour of Service” means each hour for which an individual was entitled to compensation as a regular full-time or part-time employee from a subsidiary of the Company.

(k) “Weekly Compensation” means –

(i) with respect to a Participant paid on a salary basis, the Participant’s current annual salary divided by 52;

(ii) with respect to a Participant paid on an hourly basis, the Participant’s current hourly rate times the number of standard hours the Participant is scheduled to work per week as identified in the Participating Employer’s HR systems ; or

(iii) with respect to a Participant who is paid, in whole or in part, on commission, the Participant’s current annual base wages or salary plus the Participant’s annual Average Commission Amount divided by 52.

(l) “Participant” means an Employee who has incurred a Qualifying Termination and has signed a Release and Severance Agreement that has not been revoked during any revocation period provided under the Release and Severance Agreement.

(m) “Participating Employer” means a direct or indirect subsidiary of the Company (i) listed on Schedule A, attached hereto, which may change from time to time to reflect new Participating Employers or withdrawing Participating Employers, and (ii) approved by the Plan Sponsor for participation in the Plan.

(n) “Plan” means the “H&R Block Severance Plan,” as stated herein, and as may be amended from time to time.

(o) “Plan Administrator” and “Plan Sponsor” means H&R Block Management, LLC. The address and telephone number of H&R Block Management, LLC is One H&R Block

Way, Kansas City, Missouri 64105, (816) 854-3000. The Employer Identification Number assigned to H&R Block Management, LLC by the Internal Revenue Service is 43-1632589.

(p) "Qualifying Termination" means the involuntary termination of an Employee, but does **not** include a termination resulting from:

(i) the elimination of the Employee's position where the Employee was offered a Comparable Position with a subsidiary or affiliate of the Company;

(ii) a sale of assets, stock sale, or other corporate acquisition or disposition where the Employee is offered a Comparable Position with the acquiring entity;

(iii) the redefinition of an Employee's position to a lower compensation rate or grade, including reclassification of the position from regular to seasonal;

(iv) the termination of an Employee for Cause as defined in Section 2(b); or

(v) the non-renewal of employment contracts.

(q) "Release and Severance Agreement" means that agreement signed by and between an Employee who is eligible to participate in the Plan and the Employee's Participating Employer under which the Employee releases all known and potential claims against the Employee's Participating Employer and all of such employer's parents, subsidiaries, and affiliates and a covenant not to sue. The Release and Severance Agreement also includes certain post-employment restrictive covenants including non-competition, non-solicitation, confidentiality, and employee non-hire/non-solicitation.

(r) "Release Date" means, (i) with respect to a Release and Severance Agreement that includes a revocation period, the date immediately following the expiration date of the revocation period in the Release and Severance Agreement that has been fully executed by both parties; or (ii) with respect to a Release and Severance Agreement that does not include a revocation period, the date the Release and Severance Agreement has been fully executed by both parties. A Participant will be presented with a Release Agreement on Participant's Termination Date and will be required to execute such agreement within the timeframe set forth therein.

(s) "Severance Period" means the period of time following the Termination Date through the number of weeks equal to the whole number of Years of Service determined under Section 2(u) multiplied by two.

(t) "Termination Date" means the date the Employee severs employment with a Participating Employer.

(u) "Year of Service" means each period of 12 consecutive months ending on the Employee's employment anniversary date during which the Employee had at least 1,000 Hours of Service. In determining a Participant's Years of Service, the Participant will be credited with a partial Year of Service for his or her final period of employment commencing on his or her most recent employment anniversary date equal to a fraction calculated in accordance with the following formula:

$$\frac{\text{Number of days since most recent employment anniversary date}}{365}$$

Despite an Employee's Years of Service calculated in accordance with the above, an Employee will be credited with no less than the specified minimum Years of Service as outlined in Schedule "B". Notwithstanding an Employee's actual service, the maximum number of creditable Years of Service shall be 26 (for maximum severance benefits, excluding any discretionary amounts under Section 4(a)(iv), of 52 weeks).

Notwithstanding the above, if an Employee has received credit for Years of Service under this Plan or under any previous plan, program, or agreement for the purpose of receiving severance benefits before a Qualifying Termination, such Years of Service will be disregarded when calculating Years of Service for such Qualifying Termination under the Plan; provided, however, that if such severance benefits were terminated prior to completion because the Employee was rehired by any subsidiary of the Company then the Employee will be re-credited with full Years of Service for which severance benefits were not paid in full or in part because of such termination.

3. **Eligibility and Participation.**

An Employee who incurs a Qualifying Termination and signs a Release and Severance Agreement that has not been revoked during any revocation period under the Release and Severance Agreement is eligible to participate in the Plan. An eligible Employee will become a Participant in the Plan as of the Release Date.

4. **Severance Compensation.**

(a) Amount. Subject to Section 9, each Participant will receive from the applicable Participating Employer aggregate severance compensation equal to:

(i) two times the Participant's Weekly Compensation multiplied by the Participant's Years of Service; plus

(ii) a severance enhancement (as determined by the Participating Employer based upon the Participant's pay grade or band) multiplied by the Participant's Years of Service; plus

(iii) an amount equal to the Participant's COBRA Subsidy multiplied by the lesser of Participant's Years of Service or 12; plus

(iv) an amount to be determined by the Participating Employer at its sole discretion, which amount may be zero.

(b) Timing of Payments. The sum of any amounts determined under Section 4(a) of the Plan will be paid in one lump sum within 30 days after the Release Date, unless otherwise agreed in writing by the Participating Employer and Participant or otherwise required by law, but in no event later than March 15 of the calendar year following the calendar year in which the Termination Date occurs.

5. Stock Options.

(a) Accelerated Vesting. Any portion of any outstanding incentive stock options and nonqualified stock options that would have vested during the 18-month period following the Termination Date had the Participant remained an employee with the Participating Employer during such 18-month period will vest as of the Termination Date. This Section 5(a) applies only to options (i) granted to the Participant under an Equity Plan on or before July 11, 2010; and (ii) outstanding at the close of business on such Termination Date. The determination of whether a Participant is entitled to accelerated vesting under this Section 5(a) shall be made as of the Termination Date and shall be based solely on any time-specific vesting schedule included in the applicable stock option grant agreement without regard to any accelerated vesting provision not related to the Plan in such grant agreement. With respect to any incentive stock options or nonqualified stock options granted after July 11, 2010, any portion of such options not vested as of the Termination Date shall be forfeited.

(b) Post-Termination Exercise Period. Subject to the expiration dates and other terms of the applicable stock option grant agreements, the Participant may elect to have the right to exercise any outstanding incentive stock options or nonqualified stock options granted on or before July 11, 2010 to the Participant under an Equity Plan that are vested as of the Termination Date (or, if later, the Release Date), whether due to the operation of Section 5(a) above or otherwise, at any time during the Severance Period and for a period of up to 3 months after the end of the Severance Period. Any such election shall apply to all outstanding incentive stock options and nonqualified stock options, will be irrevocable and must be made in writing and delivered to the Plan Administrator on or before the Release Date. If the Participant fails to make such an election, the Participant's right to exercise such options will expire 3 months after the Termination Date. Subject to the expiration dates and other terms of the applicable stock option grant agreements, the Participant's right to exercise any outstanding incentive stock options or nonqualified stock options granted to the Participant under an Equity Plan prior to the Termination Date and after July 11, 2010 that are vested as of the Termination Date (or, if later, the Release Date), whether due to the operation of Section 5(a) above or otherwise, will expire 3 months after the Termination Date.

(c) Stock Option Agreement Amendment . The operation of Sections 5(a) and 5(b) above are subject to the Participant's execution of an amendment to any affected stock option grant agreements, if necessary.

6. **Restricted Shares/Restricted Share Units.** Any portion of any outstanding restricted shares or restricted share units awarded to the Participant under an Equity Plan on or before July 11, 2010 that would have vested in accordance with their terms by reason of lapse of time within six months of the Termination Date shall terminate and such restricted shares or restricted share units shall be fully vested. With respect to any restricted shares or restricted share units granted after July 11, 2010, any portion of such restricted shares not vested as of the Termination Date shall be forfeited.

7. **Outplacement Services.** In addition to the benefits described above, career transition counseling or outplacement services may be provided upon the Participant's Qualifying Termination. Such outplacement service will be provided at the Participating Employer's sole discretion. Outplacement services are designed to assist employees in their search for new employment and to facilitate a smooth transition between employment with the Participating Employer and employment with another employer. Any outplacement services provided under this Plan will be provided by an outplacement service chosen by the Participating Employer. The Participant is not entitled to any monetary payment in lieu of outplacement services.

8. **Rehire/Reinstatement.** In the event a Participant, who has been awarded severance compensation under this Plan or a similar plan sponsored by a subsidiary of the Company, is reinstated or hired by the Participating Employer or a subsidiary of the Company in any position other than a position classified as seasonal by the employer, prior to being rehired or reinstated, such Participant shall return a pro rated portion of any severance compensation paid under Sections 4(a)(i), (ii), (iii) and (iv). The pro ration of the severance compensation to be returned shall be calculated based upon the number of days in the Severance Period reduced by the number of days of the Participant's break from service. Upon return of the severance compensation described in this Section 8, the Participant shall receive "Prior Service Credit" for purposes of eligibility for all benefits including any Paid Time Off ("PTO"), seniority awards, health, welfare and retirement benefits. Prior Service Credit means that the Participant's prior period of employment is added to the current period, but the Severance Period is not counted as part of the total service credit. For purposes of future severance compensation, the Participant's Prior Service Credit shall be reduced on a pro rata basis for Years of Service of severance compensation the Participant received during the Severance Period. Restoration of Prior Service Credit does not restore any rights under the Equity Plan.

9. **Termination of Benefits/Return of Severance Compensation.** Any right of a Participant to severance compensation or other benefits under this Plan are subject to and conditioned upon Participant's agreement to abide by certain restrictive covenants. In the event a Participant violates the terms of the Release and Severance Agreement by engaging in any conduct described in Sections 9(a), 9(b), 9(c), 9(d) or 9(e) below, such Participant shall return any severance compensation received under this Plan within ten (10) business days after the date of any written demand by the Participating Employer or the Plan.

(a) During the Severance Period, the Participant's engagement in, ownership of, or control of any interest in (except as a passive investor in less than one percent of the outstanding securities of publicly held companies), or acting as an officer, director or employee of, or consultant, advisor or lender to, any of the following located in those geographic markets where Participant has had direct and substantial involvement in the operations of any subsidiary of the Company in such geographic markets: (i) any entity that engages in any business competitive with the business activities of the Company including, without limitation, its assisted and digital (including software) tax services business ("Prohibited Companies"); (ii) any financial institution or business where any of Participant's duties or activities would relate to or assist in providing services or products to one or more of the Prohibited Companies for use in connection with products, services or assistance being provided to customers; or (iii) any financial institution or business whose primary purpose is to provide services or products to one or more of the Prohibited Companies for use in connection with products, services or assistance being provided to customers. Without limiting clause (iii), any financial institution or business whose profits or revenues from the provision of services or products to the Prohibited Companies exceeds 25% of total profits or revenues, as the case may be, shall be deemed to be covered by clause (iii). The restrictions in this Section 9(a) shall not apply to the Participant if the Participant's primary place of employment by a subsidiary of the Company as of the Termination Date is in either the State of California or the State of North Dakota.

(b) During the twelve (12) month period after the Termination Date, the Participant directly or indirectly: (i) recruits, solicits, or otherwise induces any employee of any subsidiary of the Company to leave the employment of any such subsidiary of the Company or to become an employee of or otherwise be associated with Participant or any company or business with which Participant is or may become associated; or (ii) hires any employee of any subsidiary of the Company as an employee or otherwise in any company or business with which Participant is or may become associated. The restrictions in this Section 9(b) shall not apply if Participant's primary place of employment as of the Termination Date is in Wisconsin.

(c) During the two (2) year period after the Termination Date, the Participant directly or indirectly solicits or enters into any arrangement with any person or entity which is, at the time of the solicitation, a significant customer of the Company or any subsidiary of the Company for the purpose of engaging in any business transaction of the nature performed by the Company or any subsidiary of the Company, or contemplated to be performed by the Company or any subsidiary of the Company, provided that this Section 9(c) will only apply to customers for whom Participant personally provided services while employed by a subsidiary of the Company or customers about whom or which the Participant acquired material information while employed by a subsidiary of the Company. For Participants whose primary place of employment as of the Termination Date is in Puerto Rico or Arizona, the restrictions in this Section 9(c) shall be limited to one year following the Participant's Termination Date. The restrictions in this Section 9(c) shall not apply if Participant's primary place of employment as of the Last Day of Employment is in North Dakota.

(d) The Participant misappropriates or improperly uses or discloses confidential information of the Company and/or its subsidiaries.

(e) If the Participant engaged in any of the conduct described in Sections 9(a), 9(b), 9(c) during Participant's employment with a Participating Employer, and prior to the commencement of the Severance Period, and such conduct becomes known to the Participating Employer during or after the Severance Period, such conduct shall be deemed, for purposes of Sections 9(a), 9(b), 9(c) to have occurred during the Severance Period.

(f) If the Participant is a party to an employment contract or other agreement with a Participating Employer that contains a covenant or covenants relating to the Participant's engagement in conduct that is the same as or substantially similar to the conduct described in any of Sections 9(a), 9(b), 9(c) or 9(d), and any specific conduct regulated in such covenant or covenants in such employment contract is more limited in scope geographically or otherwise than the corresponding specific conduct described in any of such Sections 9(a), 9(b), 9(c) or 9(d), then the corresponding specific conduct addressed in the applicable Section 9(a), 9(b), 9(c) or 9(d) shall be limited to the same extent as such conduct is limited in the employment contract or other agreement and the Participating Employer's rights and remedy with respect to such conduct under this Section 9 shall apply only to such conduct as so limited.

10. **Amendment and Termination.** The Plan Sponsor reserves the right to amend the Plan or to terminate the Plan and all benefits hereunder in their entirety at any time.

11. **Administration of Plan.** The Plan Administrator has the power and discretion to construe the provisions of the Plan and to determine all questions relating to the eligibility of employees of Participating Employers to become Participants in the Plan, and the amount of benefits to which any Participant may be entitled thereunder in accordance with the Plan. Not in limitation, but in amplification of the foregoing and of the authority conferred upon the Plan Administrator, the Plan Sponsor specifically intends that the Plan Administrator have the greatest permissible discretion to construe the terms of the Plan and to determine all questions concerning eligibility, participation and benefits. Any such decision made by the Plan Administrator will be binding on all Employees, Participants, and beneficiaries, and is intended to be subject to the most deferential standard of judicial review. Such standard of review is not to be affected by any real or alleged conflict of interest on the part of the Plan Administrator. The decision of the Plan Administrator upon all matters within the scope of its authority will be final and binding.

12. **Claims Procedures.**

(a) **Filing a Claim for Benefits.** Participants are not required to submit claim forms to initiate payment of benefits under this Plan. To make a claim for benefits, individuals other than Participants who believe they are entitled to receive benefits under this Plan and Participants who believe they have been denied certain benefits under the Plan must write to the Plan Administrator. These individuals and such Participants are hereinafter referred to in this Section 12 as "Claimants." Claimants must notify the Plan Administrator if they will be represented by a duly authorized representative with respect to a claim under the Plan.

(b) **Initial Review of Claims.** The Plan Administrator will evaluate a claim for benefits under the Plan. The Plan Administrator may solicit additional information from the Claimant if necessary to evaluate the claim. If the Plan Administrator denies all or any portion of the claim, the Claimant will receive, within 90 days after the receipt of the written claim, a written notice setting forth:

(i) the specific reason for the denial;

(ii) specific references to pertinent Plan provisions on which the Plan Administrator based its denial;

(iii) a description of any additional material and information needed for the Claimant to perfect his or her claim and an explanation of why the material or information is needed; and

(iv) that any appeal the Claimant wishes to make of the adverse determination must be in writing to the Plan Administrator within 60 days after receipt of the notice of denial of benefits. The notice must advise the Claimant that his or her failure to appeal the action to the Plan Administrator in writing within the 60-day period will render the Plan Administrator's determination final, binding and conclusive. The notice must further advise the Claimant of his or her right to bring a civil action under §502(a) of ERISA following the exhaustion of the claims procedures described herein.

(c) **Appeal of Denied Claim and Final Decision.** If the Claimant should appeal to the Plan Administrator, the Claimant, or his or her duly authorized representative, must submit, in writing, whatever issues and comments the Claimant or his or her duly authorized representative feels are pertinent. The Claimant, or his or her duly authorized representative, may review and request pertinent Plan documents. The Plan Administrator will reexamine all facts related to the appeal and make a final determination as to whether the denial of benefits is justified under the circumstances. The Plan Administrator will advise the Claimant in writing of its decision within 60 days of the Claimant's written request for review, unless special circumstances (such as a hearing) require an extension of time, in which case the Plan Administrator will make a decision as soon as possible, but no later than 120 days after its receipt of a request for review.

13. **Plan Financing.** The benefits to be provided under the Plan will be paid by the applicable Participating Employer, as incurred, out of the general assets of such Participating Employer.

14. **General Information.** The Plan's records are maintained on a calendar year basis. The Plan Number is 509. The Plan is self-administered and is considered a severance plan.

15. **Governing Law.** The Plan is established in the State of Missouri. To the extent federal law does not apply, any questions arising under the Plan will be determined under the laws of the State of Missouri.

16. **Enforceability; Severability.** If a court of competent jurisdiction determines that any provision of the Plan is not enforceable, then such provision shall be enforceable to the maximum extent possible under applicable law, as determined by such court. The invalidity or unenforceability of any provision of the Plan, as determined by a court of competent jurisdiction, will not affect the validity or enforceability of any other provision of the Plan and all other provisions will remain in full force and effect.

17. **Withholding of Taxes.** The applicable Participating Employer may withhold from any benefit payable under the Plan all federal, state, city or other taxes as may be required pursuant to any law, governmental regulation or ruling. The Participant shall pay upon demand by the Company or the Participating Employer any taxes required to be withheld or collected by the Company or the Participating Employer upon the exercise by the Participant of a nonqualified stock option granted under the Equity Plan. If the Participant fails to pay any such taxes associated with such exercise upon demand, the Participating Employer shall have the right, but not the obligation, to offset such taxes against any unpaid severance compensation under this Plan.

18. **Code §409A/Taxation.** To the extent applicable, this Plan shall be construed and administered consistently with Code §409A and the regulations and guidance issued thereunder. If the Participant is a "specified employee" as described in Code §409A, on his Separation Date, then any amount to which the Participant would otherwise be entitled during the first six months following his Separation from Service that constitutes nonqualified deferred compensation within the meaning of Code §409A and therefore is not exempt from Code §409A shall be accumulated and paid in a single lump sum (without interest) on the date which is six (6) months following the Participant's Separation from Service, but only to the extent required by Code §409A(a)(2)(B)(i). Because the requirements of Code §409A are still being developed and interpreted by government agencies, certain issues under Code §409A remain unclear as of the Effective Date of this Plan, and the Company has made a good faith effort to comply with current guidance under Code §409A. Notwithstanding the foregoing or any provision in this Plan to the contrary, the Company does not warrant or promise compliance with Code §409A of the Code and no Participant or other person shall have any claim against the Company for any good faith effort taken by the Company to comply with Code §409A.

19. **Not an Employment Agreement.** Nothing in the Plan gives an Employee any rights (or imposes any obligations) to continued employment by his or her Participating Employer or other subsidiary of the Company, nor does it give such Participating Employer any rights (or impose any obligations) for the continued performance of duties by the Employee for the Participating Employer or any other subsidiary of the Company.

20. **No Assignment.** The Employee's right to receive payments of severance compensation and benefits under the Plan are not assignable or transferable, whether by pledge, creation of a security interest, or otherwise. In the event of any attempted assignment or transfer contrary to this Section 19, the applicable Participating Employer will have no liability to pay any amount so attempted to be assigned or transferred.

21. **Service of Process.** The Corporate Secretary of the Plan Administrator is designated as agent for service of legal process. Service of legal process may be made upon the Corporate Secretary of the Plan Administrator at:

H&R Block Management, LLC
Attn: Corporate Secretary
One H&R Block Way
Kansas City, MO 64105

22. **Statement of ERISA Rights.** In accordance with ERISA, each Participant shall be entitled to:

(a) Examine without charge, (by contacting the Plan Administrator), all Plan documents and copies of all documents governing the Plan and a copy of the latest annual report (Form 5500 series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration;

(b) Obtain copies of all Plan documents and other Plan information upon written request to the Plan Administrator. A reasonable fee may be charged for these copies; and

(c) Receive a summary of the Plan's annual financial report. The Plan Administrator is required to furnish each Participant with a copy of this summary annual report; and

(d) Obtain a statement showing the Participant's account balance (if any).

In addition to creating rights for Plan Participants, ERISA imposes duties upon the persons who are responsible for the operation of the Plan. The persons who operate the Plan are called "fiduciaries" and have a duty to operate the Plan prudently and in the interest of Plan Participants and beneficiaries. No one, including the employer, may fire a Participant or otherwise discriminate against the Participant in any way to prevent him from obtaining a benefit or exercising his rights under ERISA.

If a claim for a benefit is denied in whole or in part the Participant must receive a written explanation of the reason for the denial. The Participant has the right to have the Plan Administrator review and reconsider the claim.

Under ERISA, there are steps a Participant can take to enforce the above rights. For instance, if a Participant requests any of the materials listed above from the Plan Administrator and does not receive them within 30 days, the Participant may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay up to $110 a day until the Participant receives the materials, unless the materials were not provided because of reasons beyond the control of the Plan Administrator.

If a claim for benefits is denied or ignored, either in whole or in part, the Participant may file suit in a state or federal court. In the event that Plan fiduciaries misuse the Plan's funds, or if the Participant is discriminated against for asserting his rights, he may seek assistance from the U. S. Department of Labor, or file suit in a federal court. The court will decide who should pay court costs and legal fees. If a Participant is successful, the court may order the person the Participant has sued to pay these costs and fees. But if a Participant loses, the court may order the Participant to pay these costs and fees, for example if, if the court finds the claim is frivolous.

Any questions concerning the Plan should be directed to the Plan Administrator. Additional information about this statement or a Participant's rights under ERISA may be obtained from the nearest Office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in the telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. A Participant may also obtain certain publications about his rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

EFFECTIVE January 1, 2013

Aileen Wilkins
Chief People Officer

Schedule A
Participating Employers

- Franchise Partner, Inc.
- H&R Block Bank
- H&R Block Eastern Enterprises, Inc.
- H&R Block Enterprises, LLC
- H&R Block Management, LLC
- H&R Block Tax Institute, LLC
- H&R Block Tax Services, LLC
- HRB Corporate Services, LLC
- HRB Digital Technology Resource, LLC
- HRB Digital, LLC
- HRB Expertise, LLC
- HRB International Management LLC
- HRB Retail Support Services, LLC
- HRB Tax & Technology Leadership, LLC
- HRB Tax Group, Inc.
- HRB Technology, LLC
- Tax Works, Inc.

Schedule B
Pay Bands

Pay Band	Minimum Years of Service (Minimum Severance Benefits)	Maximum Years of Service (Maximum Severance Benefits*)
Band 006 and above	13 (26 weeks)	26 (52 weeks)
Band 005	6.5 (13 weeks)	26 (52 weeks)
Bands 001-004	2.25 (4.5 weeks)	26 (52 weeks)

* Excluding any discretionary amounts under Section 4(a)(iv).

Exhibit 10.5

January 4, 2013

Mr. William C. Cobb
c/o H&R Block, Inc.
One H&R Block Way
Kansas City, Missouri 64105

Re: Letter Agreement Regarding Modifications to Employment Agreement

Dear Mr. Cobb

This letter agreement (this "Agreement") sets forth our agreement to supplement and clarify two sections in that certain Employment Agreement by and among you, H&R Block Management, LLC, and H&R Block, Inc., dated as of April 27, 2011, (the " Employment Agreement"). Except as provided herein, this Agreement shall not alter the terms of the Employment Agreement. Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Employment Agreement.

The parties to this Agreement hereby agree to amend the Employment Agreement as follows:

1. The first sentence of Section 3(c) shall be deleted in its entirety and replaced with the following:

   (c) Annual Bonus. You will be eligible for an annual cash bonus under the H&R Block Executive Performance Plan, as the same may be amended or replaced from time to time (the "Executive Performance Plan"), upon achievement of performance goals for each fiscal year during the Term, as adopted by the Compensation Committee in consultation with you, with a target bonus equal to 125% of Base Salary and a maximum bonus equal to 175% of the target bonus, and a threshold level in accordance with the terms of the Executive Performance Plan. In no event will the maximum bonus exceed the maximum annual amount currently permitted by the Executive Performance Plan (or any equal or higher maximum amount in any future amendment or replacement).

2. Section 4(f)(2), definition of Change in Control, shall be deleted in its entirety and replaced with the definition set forth on Exhibit A hereto.

[Signature page follows.]

This Agreement may be executed in identical multiple counterparts, all of which taken together will constitute one and the same agreement.

Very truly yours,

H&R Block Management, LLC

By: _____
Name: Aileen M. Wilkins
Title: Chief People Officer

H&R Block, Inc.

By: _____
Name: Aileen M. Wilkins
Title: Chief People Officer

Acknowledged and agreed as of the date first set forth above:

_____
William C. Cobb

Exhibit A

"*Change in Control*" means the occurrence of one or more of the following events:

(A) Any one person, or more than one person acting as a group, acquires ownership of stock of Block that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of Block. If any one person, or more than one person acting as a group, is considered to own more than 50 percent of the total fair market value or total voting power of the stock of Block, the acquisition of additional stock by the same person or persons shall not be considered to cause a Change in Control. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which Block acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section 4(f)(2)(A).

(B) Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of Block possessing 35 percent or more of the total voting power of the stock of Block. If any one person, or more than one person acting as a group, is considered to effectively control a corporation within the meaning of Treasury Regulation 1.409A-3(i)(5)(vi), the acquisition of additional control of the corporation by the same person or persons is not considered to cause a change in the effective control of the corporation. An increase in the percentage of stock owned by any one person, or persons acting as a group, as a result of a transaction in which Block acquires its stock in exchange for property will not be treated as an acquisition of stock for purposes of this Section 4(f)(2)(B).

(C) A majority of members of the Board is replaced during any 12-month period by directors whose appointment or election is not endorsed by two-thirds (2/3) of the members of the Board before the date of such appointment or election.

(D) Any one person, or more than one person acting as a group, acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from Block that have a total gross fair market value equal to or more than 50 percent of the total gross fair market value of all of the assets of Block immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of Block, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. Notwithstanding the foregoing, there is no Change in Control event under this Section 4(f)(2)(D) when there is a transfer to an entity that is controlled by the shareholders of Block immediately after the transfer. A transfer of assets by Block is not treated as a change in the ownership of such assets if the assets are transferred to: (i) a shareholder of Block (immediately before the asset transfer) in exchange for or with respect to its stock; (ii) an entity, 50 percent or more of the total value or

voting power of which is owned, directly or indirectly, by Block; (iii) a person, or more than one person acting as a group, that owns, directly or indirectly, 50 percent or more of the total value or voting power of all the outstanding stock of Block; or (iv) an entity, at least 50 percent of the total value or voting power of which is owned, directly or indirectly, by a person described in (iii) above.

Notwithstanding the foregoing, the direct or indirect sale of any or all of the stock of, merger or liquidation of, or sale or assumption of all or substantially all the assets or liabilities of, H&R Block Bank FSB, (i) will not be considered a Change in Control for purposes of this Agreement, and (ii) will not be included in any determination of the total gross fair market value of assets of Block sold during any 12-month period under Section 4(f)(2)(D) above.

For purposes of this section, persons will be considered acting as a group in accordance with Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, and Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William C. Cobb, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2013

/s/ William C. Cobb
William C. Cobb
Chief Executive Officer
H&R Block, Inc.

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Gregory J. Macfarlane, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2013

/s/ Gregory J. Macfarlane
Gregory J. Macfarlane
Chief Financial Officer
H&R Block, Inc.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the fiscal quarter ending January 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Cobb, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William C. Cobb
William C. Cobb
Chief Executive Officer
H&R Block, Inc.
March 7, 2013

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the fiscal quarter ending January 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gregory J. Macfarlane, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gregory J. Macfarlane
Gregory J. Macfarlane
Chief Financial Officer
H&R Block, Inc.
March 7, 2013