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**Fiscal 2011 Earnings Conference Call
June 23, 2011**

- This presentation and various comments made in connection with it include certain estimates, projections and other forward-looking statements. The words “will,” “plan,” “estimate,” “approximate,” “project,” “intend,” “remain,” “expect,” “believe,” and variations thereof and similar expressions are intended to identify forward-looking statements. These statements speak only as of the date on which they are made and are not guarantees of future performance. Actual results may differ materially from those expressed, implied or forecast in the forward-looking statements. Some factors that could cause actual results to differ include:
 - Uncertainties regarding the Company’s ability to attract and retain clients and meet its prepared return targets
 - Uncertainties and potential contingent liabilities arising from our former mortgage loan origination and servicing business
 - Uncertainties in the residential mortgage market and its impact on loan loss provisions
 - Uncertainties pertaining to the commercial debt market
 - Competitive factors
 - The Company’s effective income tax rate
 - Litigation defense expenses and costs of judgments or settlements
 - Uncertainties regarding the level of share repurchases
 - Changes in market, economic, political or regulatory conditions
 - Other risks described from time to time in H&R Block’s press releases and Forms 10-K, Forms 10-Q, Forms 8-K and other filings with the Securities and Exchange Commission
- H&R Block undertakes no obligation to publicly release any revisions to forward-looking statements to reflect events or expectations after the date of the presentation. H&R Block provides a detailed discussion of risk factors in periodic SEC filings and you are encouraged to review these filings.

- Total worldwide returns up nearly 6% to 24.5 mm
- U.S returns up 6.5% --- best client growth since 2001
 - Industry-wide IRS filings up ~1%
 - HRB U.S. share up 80 bps to 16.4%
- Retail returns up 510K; assisted share up 60 bps
 - Client retention up ~3 pts to 72.2%
 - Client satisfaction up ~2 pts to 85.3%
 - New client growth up 18%; best in at least six years

Keys to success...

- Improved execution and client service initiatives
- Aggressive client acquisition programs (EZ, 2nd Look)
- Industry-wide consolidation

■ Digital

- Returns up ~800K, driven by 29% growth in online
- Gained 90 bps of share in online and 60 bps in software
- Results led by improved marketing, website redesign, product simplification and better conversion

■ Financial Services

- Leveraged HRB Bank to offset loss of RALs
- Bank processed nearly 6 mm RACs and 2.3 mm Emerald Cards with ~\$8 billion in deposits

■ International

- Returns up 1%; revenues up ~8% largely due to FX

- Generated \$450 mm of free cash flow*
- Adjusted non-GAAP net income essentially flat to prior year
 - Inability to offer RALs impacted financial results
 - Revenue and profitability at McGladrey fell for 2nd consecutive year
- Sand Canyon Corporation (“SCC”)
 - SCC’s financial position is more than sufficient to pay valid R&W claims
 - Anyone pursuing R&W claims have no recourse to HRB

* Free cash flow is defined as cash flow from operations, less capital expenditures.

Four Key Growth Areas

- Retail Tax
- Digital Tax
- Emerald Card
- International

Four Key Growth Areas

■ Retail Tax

- Growing stronger as more clients choose HRB
- Assisted category remains resilient due to tax code complexity and the value that tax professional provide clients
- No change in proportion of Assisted and DIY returns in last decade

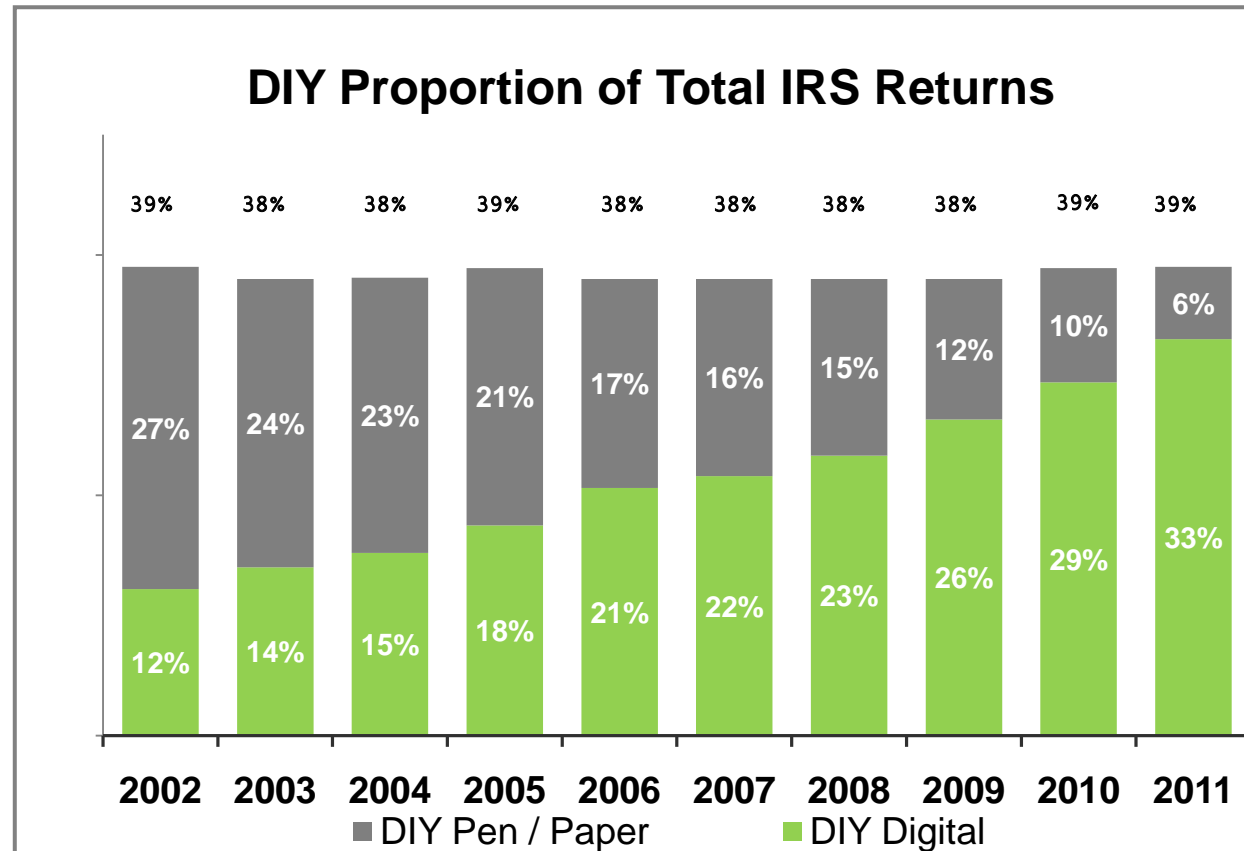
<u>Industry Share</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
DIY	39%	38%	38%	39%	38%	38%	38%	38%	39%	39%
Assisted	61%	62%	62%	61%	62%	62%	62%	62%	61%	61%

Four Key Growth Areas

■ Digital Tax

- Creating deeper relationships with existing clients; opening doors to new ones
- Pen and paper share rapidly shrinking; must continue to grow digital share

- DIY Online growing at expense of DIY Pen & Paper
- Total DIY share same in 2011 as 2002
- DIY Pen & Paper has declined at 19% CAGR over last 4 yrs
- DIY Online has grown at 19% CAGR over last 4 yrs
- Software continuing to shrink



Four Key Growth Areas

■ Emerald Card

- Key asset to HRB
- Significant opportunity to expand number of cards, direct deposits, and frequency of use

■ International

- Grow share in Canada and Australia
- Evaluate opportunities in emerging countries



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- Q4 EPS of \$2.20 per share, excluding \$0.06 litigation charge

Fiscal Year 2011

- Net income of \$419 mm or \$1.35 per share
 - Results include incremental Q4 litigation charge at McGladrey of \$0.06 per share
- Adjusted non-GAAP income of \$471 mm; essentially flat to prior year
 - Adjusted EPS up 7% due to fewer shares outstanding
- Total revenues of \$3.8B; down 2.6%

- Revenues down 2% to \$2.9B primarily due to sale of 280 company-owned offices and loss of RALs

	FY11	FY10
Pretax income - as reported	\$ 767.5	\$ 867.4
Add back (pretax):		
Litigation and arbitration	15.0	-
Incremental Emerald Advance credit losses	40.5	-
Severance	27.4	11.9
Asset impairments	24.6	-
Gain on sale of tax offices to franchisees	(45.1)	(49.0)
	<u>62.4</u>	<u>(37.1)</u>
Pretax income - as adjusted	<u>\$ 829.9</u>	<u>\$ 830.3</u>
Revenues - as reported	<u>\$ 2,912.4</u>	<u>\$ 2,975.3</u>
Pretax margin - as reported	26.4%	29.2%
Pretax margin - as adjusted	28.5%	27.9%

- FY11 results include \$45 mm pretax gain from sale of company offices; expect ~\$7 mm of pretax gains in FY12

■ Revenues down 3.6% to \$830 million

	FY11	FY10
Pretax income - as reported	\$ 49.0	\$ 58.7
Add back (pretax):		
Litigation and arbitration	28.3	14.5
Asset impairments	-	15.0
	28.3	29.5
Pretax income - as adjusted	\$ 77.3	\$ 88.2
Revenues - as reported	\$ 829.8	\$ 860.3
Pretax margin - as reported	5.9%	6.8%
Pretax margin - as adjusted	9.3%	10.3%

- Pretax loss \$139 mm vs. \$142 mm loss in FY10

Mortgage Loans Held for Investment

(\$ in millions)

	As of April 30,			
	2011	2010	2009	2008
Gross mortgage loans held for investment	\$ 573	\$ 684	\$ 822	\$1,004
Unamortized deferred fees and costs	4	5	7	7
Less: Allowance for loan losses	(92)	(94)	(84)	(45)
Net mortgage loans held for investment	<u>\$ 485</u>	<u>\$ 595</u>	<u>\$ 745</u>	<u>\$ 966</u>
Loss reserve as a % of mortgage loans	16.1%	13.7%	10.2%	4.5%
Provision for loan losses	\$ 36	\$ 48	\$ 64	\$ 42

Sand Canyon – Discontinued Ops

- FY11 net loss of \$13 mm compared to FY10 loss of \$10 mm
- Sand Canyon (“SCC”) received \$55 mm of new claims in Q4
- \$41 mm of claims reviewed in Q4; losses totaled \$4 mm
- \$79 mm of claims remain under review at 4/30/11

Reserve Roll-Forward

(\$ in millions)

	FY11	FY10	FY09
Beginning balance	\$188	\$207	\$243
Losses from loan repurchases and indemnifications	(12)	(19)	(36)
Payments under indemnity agreement dated April 2008	(50)	--	--
Ending balance	\$126	\$188	\$207

Sand Canyon – Discontinued Ops

- SCC is a separate legal entity from HRB
- SCC never paid dividends to HRB

(\$ in millions)

Fiscal Year	Net Income	Other Comprehensive Income	Paid in Capital	Retained Earnings	Total Equity
1998	\$ 20	\$ -	\$ 220	\$ -	\$ 240
1999	39	-	232	20	291
2000	57	5	232	59	353
2001	93	5	232	116	446
2002	237	86	232	209	764
2003	443	61	232	447	1,183
2004	424	78	232	860	1,594
2005	301	71	232	1,284	1,888
2006	192	27	232	1,585	2,036
2007	(763)	1	232	1,715	1,185
2008	(830)	6	232	952	360
2009	(8)	3	232	34	261
2010	(4)	1	232	70	299
2011	1	-	232	65	298

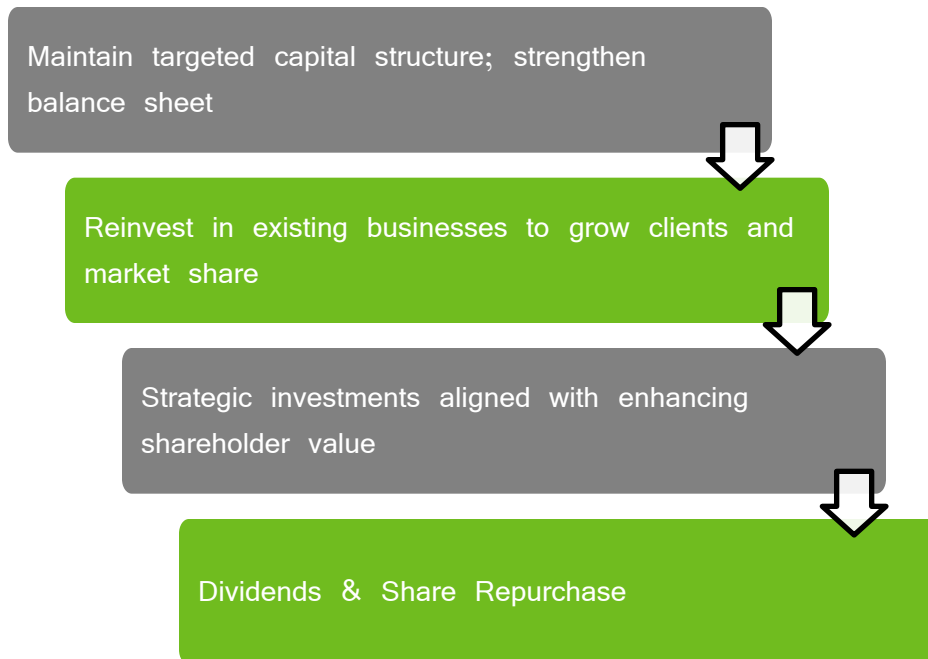
FY1998 - 2006 data from SCC's audited financial statements. From FY 2007 – 2011, no audit was performed – data obtained from internal financial statements. In FY99, HRB made a capital contribution to SCC of \$12 mm.

- R&W claimants have no recourse to HRB unless they are one of three parties where HRB provides a guarantee of SCC performance
- Guarantees remain outstanding on three loan pools with an original principal balance of ~\$1.7B
 - Over the last 3 years, SCC has not received any claims on two of the three loan pools totaling \$1.5B
 - SCC has received \$7.4 mm of claims on the remaining pool, with losses totaling less than \$1 mm
- We have no reason to believe that a court would disregard the legal separateness of SCC and HRB

- Unrestricted cash \$1.7B; total debt of \$1.1B
- GAAP equity of \$1.4B of Equity
- Repurchased and retired 19 mm shares at a cost of \$280 mm
 - 305 mm shares outstanding at 4/30/11
- Effective tax rate 38.1% vs. 37.6% in FY10
 - Expected FY12 tax rate: 38.5% - 39%
- D&A of \$122 mm; CapEx of \$63 mm
 - Expect FY12 D&A of ~\$125 mm; CapEx of ~\$90 mm

- HRB & TaxACT remain committed to the transaction
- We believe this is the right strategy and we have a strong legal position
- Combining HRB and TaxACT brings competition to the digital marketplace
- Consumers will benefit from this merger through innovation, enhanced functionality and low prices
- Preliminary injunction hearing to take place by end of September

Capital Allocation Waterfall



- Targeted Capital Structure
 - Maintain investment grade ratings and liquidity access
 - Strengthen balance sheet and grow net worth
- Reinvestments
 - Focus on client growth and market share improvement
- Strategic Investments
 - Align with shareholder value
 - Complementary to business model
- Dividends & Share Repurchase
 - Maintain annual dividend of \$0.60 per share; current yield of 3.8%*
 - Share repurchase continued on an opportunistic basis

* Current yield as of June 21, 2011 market close



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