H&R BLOCK INC (HRB)

10-Q
Quarterly report pursuant to sections 13 or 15(d)
Filed on 09/03/2010
Filed Period 07/31/2010

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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 July 31, 2010

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 Ö 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 Ö 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 Ö 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 Ö

The number of shares outstanding of the registrant's Common Stock, without par value, at the close of business on August 31, 2010 was 308,513,594 shares.

Form 10-Q for the Period Ended July 31, 2010

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H&R BLOCK

CONDENSED CONSOLIDATED BALANCE SHEETS (amounts in 000s, except share and per share amounts)

	July 31, 2010	April 30, 2010
	(Unaudited)	
ASSETS		
Cash and cash equivalents	$ 1,098,610	$ 1,804,045
Cash and cash equivalents – restricted	37,009	34,350
Receivables, less allowance for doubtful accounts of $112,374 and $112,475	376,929	517,986
Prepaid expenses and other current assets	325,932	292,655
Total current assets	1,838,480	2,649,036
Mortgage loans held for investment, less allowance for loan losses of $88,396 and $93,535	563,090	595,405
Property and equipment, at cost, less accumulated depreciation and amortization of $673,137 and $657,008	326,641	345,470
Intangible assets, net	373,556	367,432
Goodwill	875,797	840,447
Other assets	446,600	436,528
Total assets	$ 4,424,164	$ 5,234,318
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Customer banking deposits	$ 731,413	$ 852,555
Accounts payable, accrued expenses and other current liabilities	762,281	756,577
Accrued salaries, wages and payroll taxes	76,918	199,496
Accrued income taxes	315,090	459,175
Current portion of long-term debt	3,577	3,688
Federal Home Loan Bank borrowings	50,000	50,000
Total current liabilities	1,939,279	2,321,491
Long-term debt	1,040,649	1,035,144
Federal Home Loan Bank borrowings	25,000	25,000
Other noncurrent liabilities	394,089	412,053
Total liabilities	3,399,017	3,793,688
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, shares issued of 415,890,599 and 431,390,599	4,159	4,314
Additional paid-in capital	811,012	832,604
Accumulated other comprehensive income (loss)	(2,648)	1,678
Retained earnings	2,255,262	2,658,586
Less treasury shares, at cost	(2,042,638)	(2,056,552)
Total stockholders' equity	1,025,147	1,440,630
Total liabilities and stockholders' equity	$ 4,424,164	$ 5,234,318

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

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

Three Months Ended July 31,	2010	2009
Revenues:		
Service revenues	$ 247,419	$ 247,985
Interest income	10,302	12,287
Product and other revenues	16,753	15,233
	274,474	275,505
Operating expenses:		
Cost of revenues	368,016	386,450
Selling, general and administrative expenses	117,029	103,217
	485,045	489,667
Operating loss	(210,571)	(214,162)
Other income, net	3,254	3,289
Loss from continuing operations before tax benefit	(207,317)	(210,873)
Income tax benefit	(79,679)	(80,256)
Net loss from continuing operations	(127,638)	(130,617)
Net loss from discontinued operations	(3,043)	(3,017)
Net loss	$ (130,681)	$ (133,634)
Basic and diluted loss per share:		
Net loss from continuing operations	$ (0.40)	$ (0.39)
Net loss from discontinued operations	(0.01)	(0.01)
Net loss	$ (0.41)	$ (0.40)
Basic and diluted shares	319,690	334,533
Dividends paid per share	$ 0.15	$ 0.15
Comprehensive income (loss):		
Net loss	$ (130,681)	$ (133,634)
Change in unrealized gain on available-for-sale securities, net	(306)	(747)
Change in foreign currency translation adjustments	(4,020)	9,537
Comprehensive loss	$ (135,007)	$ (124,844)

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, amounts

Three Months Ended July 31,	2010	2009
Net cash used in operating activities	$ (348,251)	$ (454,577)
Cash flows from investing activities:		
Principal repayments on mortgage loans held for investment, net	17,618	19,264
Purchases of property and equipment, net	(8,634)	(8,760)
Payments made for business acquisitions, net	(33,226)	(1,485)
Other, net	18,239	6,341
Net cash provided by (used in) investing activities	(6,003)	15,360
Cash flows from financing activities:		
Customer banking deposits, net	(121,401)	(143,199)
Dividends paid	(48,692)	(50,287)
Repurchase of common stock, including shares surrendered	(164,369)	(3,483)
Proceeds from exercise of stock options	1,500	6,651
Other, net	(15,987)	(25,888)
Net cash used in financing activities	(348,949)	(216,206)
Effects of exchange rates on cash	(2,232)	7,063
Net decrease in cash and cash equivalents	(705,435)	(648,360)
Cash and cash equivalents at beginning of the period	1,804,045	1,654,663
Cash and cash equivalents at end of the period	$ 1,098,610	$ 1,006,303
Supplementary cash flow data:		
Income taxes paid	$ 64,651	$ 155,804
Interest paid on borrowings	27,265	26,168
Interest paid on deposits	1,915	1,318
Transfers of loans to foreclosed assets	6,527	3,797

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated balance sheet as of July 31, 2010, the condensed consolidated statements of operations and comprehensive income (loss) for the three months ended July 31, 2010 and 2009, and the condensed consolidated statements of cash flows for the three months ended July 31, 2010 and 2009 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 July 31, 2010 and for all periods presented have been made.

"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 reclassifications have been made to prior year amounts to conform to the current year presentation. These changes had no effect on our results of operations or stockholders' equity as previously reported.

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 condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2010 Annual Report to Shareholders on Form 10-K. All amounts presented herein as of April 30, 2010 or for the year then ended, are derived from our April 30, 2010 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 our allowance for loan losses, potential losses from loan repurchase and indemnity obligations associated with our discontinued mortgage business, contingent losses associated with pending litigation, fair value of reporting units, reserves for uncertain tax positions and related matters. We revise our estimates when facts and circumstances dictate. However, future events and their effects cannot be determined with absolute certainty. 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.

Concentrations of Risk

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 51% of our mortgage loan portfolio consists of loans to borrowers located in the states of Florida, California and New York.

2. Earnings (Loss) Per Share and Stockholders' Equity

Basic and diluted earnings (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 14.7 million shares and 19.4 million shares for the three months ended July 31, 2010 and 2009, respectively, as the effect would be antidilutive due to the net loss from continuing operations during each period.

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

(in 000s, except per share amounts)		
Three Months Ended July 31,	2010	2009
Net loss from continuing operations attributable to shareholders	$ (127,638)	$ (130,617)
Amounts allocated to participating securities (nonvested shares)	(20)	(367)
Net loss from continuing operations attributable to common shareholders	$ (127,658)	$ (130,984)
Basic weighted average common shares	319,690	334,533
Potential dilutive shares	-	-
Dilutive weighted average common shares	319,690	334,533
Earnings (loss) per share from continuing operations:		
Basic	$ (0.40)	$ (0.39)
Diluted	(0.40)	(0.39)

The weighted average shares outstanding for the three months ended July 31, 2010 decreased to 319.7 million from 334.5 million for the three months ended July 31, 2009. During the three months ended July 31, 2010, we purchased and immediately retired 15.5 million shares of our common stock at a cost of $235.7 million. Cash payments of $161.0 million were made during the quarter for the share purchases with settlement of the remaining $74.7 million occurring in August. We may continue to repurchase and retire common stock or retire shares held in treasury in the future. The cost of shares retired during the period was allocated to the components of stockholders' equity as follows:

(in 000s)	
Common stock	$ 155
Additional paid-in capital	9,300
Retained earnings	226,220
	$ 235,675

During the three months ended July 31, 2010 and 2009, we issued 0.9 million and 1.4 million shares of common stock, respectively, due to the exercise of stock options, employee stock purchases and vesting of nonvested shares.

During the three months ended July 31, 2010, we acquired 0.2 million shares of our common stock at an aggregate cost of $3.4 million, and during the three months ended July 31, 2009, we acquired 0.2 million shares at an aggregate cost of $3.5 million. Shares acquired during these periods represented shares swapped or surrendered to us in connection with the vesting of nonvested shares and the exercise of stock options.

At July 31, 2010 and April 30, 2010, we had accrued but unpaid dividends totaling $46.5 million and $48.7 million, respectively. These amounts are included in accounts payable, accrued expenses and other current liabilities on the condensed consolidated balance sheets.

During the three months ended July 31, 2010, we granted 1.0 million stock options and 4,521 nonvested shares and units in accordance with our stock-based compensation plans. The weighted average fair value of options granted was $2.51 for management options. Stock-based compensation expense of our continuing operations totaled $3.4 million and $7.3 million for the three months ended July 31, 2010 and 2009, respectively. At July 31, 2010, unrecognized compensation cost for options totaled $11.3 million, and for nonvested shares and units totaled $5.1 million.

3. Mortgage Loans Held for Investment and Related Assets

The composition of our mortgage loan portfolio as of July 31, 2010 and April 30, 2010 is as follows:

(dollars in 000s)

	July 31, 2010		April 30, 2010	
	Amount	% of Total	Amount	% of Total
Adjustable-rate loans	$ 382,986	59%	$ 411,122	60%
Fixed-rate loans	263,745	41%	272,562	40%
	646,731	100%	683,684	100%
Unamortized deferred fees and costs	4,755		5,256	
Less: Allowance for loan losses	(88,396)		(93,535)	
	$ 563,090		$ 595,405	

Activity in the allowance for loan losses for the three months ended July 31, 2010 and 2009 is as follows:

(in 000s)

Three Months Ended July 31,	2010	2009
Balance, beginning of the period	$ 93,535	$ 84,073
Provision	8,000	13,600
Recoveries	33	28
Charge-offs	(13,172)	(6,010)
Balance, end of the period	$ 88,396	$ 91,691

Our loan loss reserve as a percent of mortgage loans was 13.7% at July 31, 2010 and April 30, 2010.

In cases where we modify a loan and in so doing grant a concession to a borrower experiencing financial difficulty, the modification is considered a troubled debt restructuring (TDR). TDR loans totaled $133.3 million and $145.0 million at July 31, 2010 and April 30, 2010, respectively. The principal balance of non-performing assets as of July 31, 2010 and April 30, 2010 is as follows:

(in 000s)

	July 31, 2010	April 30, 2010
Impaired loans:		
30 – 59 days	$ 1,251	$ 330
60 – 89 days	11,205	11,851
90+ days, non-accrual	148,056	153,703
TDR loans, accrual	115,805	113,471
TDR loans, non-accrual	17,469	31,506
	293,786	310,861
Real estate owned[(1)]	26,309	29,252
Total non-performing assets	$ 320,095	$ 340,113

(1) Includes loans accounted for as in-substance foreclosures of $11.6 million and $12.5 million at July 31, 2010 and April 30, 2010, respectively.

Activity related to our real estate owned is as follows:

(in 000s)

Three Months Ended July 31,	2010	2009
Balance, beginning of the period	$ 29,252	$ 44,533
Additions	6,527	3,797
Sales	(8,827)	(4,348)
Writedowns	(643)	(1,241)
Balance, end of the period	$ 26,309	$ 42,741

4. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill for the three months ended July 31, 2010 consist of the following:

(in 000s)

	Tax Services	Business Services	Total
Balance at April 30, 2010:			
Goodwill	$ 453,884	$ 403,751	$ 857,635
Accumulated impairment losses	(2,188)	(15,000)	(17,188)
	451,696	388,751	840,447
Changes:			
Acquisitions	4,925	30,903	35,828
Other	(478)	-	(478)
Impairments	-	-	-
Balance at July 31, 2010:			
Goodwill	458,331	434,654	892,985
Accumulated impairment losses	(2,188)	(15,000)	(17,188)
	$ 456,143	$ 419,654	$ 875,797

We test goodwill for impairment annually at the beginning of our fourth quarter, or more frequently if events occur which could, more likely than not, reduce the fair value of a reporting unit's net assets below its carrying value.

Effective July 20, 2010, our Business Services segment acquired certain assets and liabilities of a Boston-based accounting firm for an aggregate purchase price of $40.5 million, subject to adjustments. We made cash payments of $29.8 million at closing. Amounts recorded for intangible assets and goodwill as of July 31, 2010 are preliminary.

Intangible assets consist of the following:

(in 000s)

	July 31, 2010			April 30, 2010		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Tax Services:						
Customer relationships	$ 68,474	$ (34,987)	$ 33,487	$ 67,705	$ (33,096)	$ 34,609
Noncompete agreements	23,200	(21,479)	1,721	23,062	(21,278)	1,784
Reacquired franchise rights	223,773	(7,172)	216,601	223,773	(6,096)	217,677
Franchise agreements	19,201	(2,133)	17,068	19,201	(1,813)	17,388
Purchased technology	14,500	(6,823)	7,677	14,500	(6,266)	8,234
Trade name	1,325	(450)	875	1,325	(400)	925
Business Services:						
Customer relationships	153,439	(122,310)	31,129	145,149	(120,037)	25,112
Noncompete agreements	36,909	(22,680)	14,229	33,052	(22,118)	10,934
Trade name – amortizing	2,600	(2,600)	-	2,600	(2,600)	-
Trade name – non-amortizing	55,637	(4,868)	50,769	55,637	(4,868)	50,769
Total intangible assets	$ 599,058	$ 225,502	$ 373,556	$ 586,004	$ (218,572)	$ 367,432

Amortization of intangible assets for the three months ended July 31, 2010 and 2009 was $6.9 million. Estimated amortization of intangible assets for fiscal years 2011 through 2015 is $28.6 million, $25.5 million, $21.1 million, $17.6 million and $12.4 million, respectively.

5. Income Taxes

We file a consolidated federal income tax return in the United States and file tax returns in various state and foreign jurisdictions. The U.S. Federal consolidated tax returns for the years 1999 through 2007 are currently under examination by the Internal Revenue Service, with the 1999 – 2005 returns currently at the appellate level. Tax years prior to 1999 are closed by statute. Historically, tax returns in various foreign and state jurisdictions are examined and settled upon completion of the exam.

During the three months ended July 31, 2010, we accrued additional gross interest and penalties of $1.5 million related to our uncertain tax positions. We had gross unrecognized tax benefits of $130.4 million and $129.8 million at July 31, 2010 and April 30, 2010, respectively. The gross unrecognized tax benefits increased $0.6 million in the current year, due to accruals on positions related to prior years. Except as noted below, we have classified the liability for unrecognized tax benefits, including corresponding accrued interest, as long-term at July 31, 2010, which is included in other noncurrent liabilities on the condensed consolidated balance sheet.

Based upon the expiration of statutes of limitations, payments of tax and other factors in several jurisdictions, we believe it is reasonably possible that the gross amount of reserves for previously unrecognized tax benefits may decrease by approximately $75.5 million within twelve months of July 31, 2010. This portion of our liability for unrecognized tax benefits has been classified as current and is included in accounts payable, accrued expenses and other current liabilities on the condensed consolidated balance sheets.

6. Interest Income and Expense

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

(in 000s)

Three Months Ended July 31,	2010	2009
Interest income:		
Mortgage loans, net	$ 6,323	$ 7,896
Other	3,979	4,391
	$ 10,302	$ 12,287
Interest expense:		
Borrowings	$ 20,643	$ 18,957
Deposits	1,923	2,049
FHLB advances	396	509
	$ 22,962	$ 21,515

7. Fair Value

We use the following valuation methodologies for assets and liabilities measured at fair value and the general classification of these instruments pursuant to the fair value hierarchy.

- **Available-for-sale securities** – Available-for-sale securities are carried at fair value on a recurring basis. When available, fair value is based on quoted prices in an active market and as such, would be classified as Level 1. If quoted market prices are not available, fair values are estimated using quoted prices of securities with similar characteristics, discounted cash flows or other pricing models. Available-for-sale securities that we classify as Level 2 include certain agency and non-agency mortgage-backed securities, U.S. states and political subdivisions debt securities and other debt and equity securities.
- **Impaired mortgage loans held for investment** – The fair value of impaired mortgage loans held for investment are 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. These loans are classified as Level 3.

The following methods were used to determine the fair values of our other financial instruments:

- **Cash equivalents, accounts receivable, demand deposits, accounts payable, accrued liabilities and the current portion of long-term debt** – The carrying values reported in the balance sheet for these items approximate fair market value due to the relative short-term nature of the respective instruments.
- **Mortgage loans held for investment** – The fair value of mortgage loans held for investment is generally determined using a pricing model based on current market information obtained from origination data, and bids received from time to time. The fair value of certain impaired loans held for investment is primarily based on the appraised value of the underlying collateral less estimated selling costs.

- **IRAs and other time deposits** – The fair value is calculated based on the discounted value of contractual cash flows.
- **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 rates on our Senior Notes.

The following table presents for each hierarchy level the financial assets that are measured at fair value on both a recurring and non-recurring basis at July 31, 2010 and April 30, 2010:

(dollars in 000s)

	Total	Level 1	Level 2	Level 3
As of July 31, 2010:				
Recurring:				
Available-for-sale securities	$ 30,913	$ -	$ 30,913	$ -
Non-recurring:				
Impaired mortgage loans held for investment	237,272	-	-	237,272
	$ 268,185	$ -	$ 30,913	$ 237,272
As a percentage of total assets	6.1%	-%	0.7%	5.4%
As of April 30, 2010:				
Recurring:				
Available-for-sale securities	$ 31,948	$ -	$ 31,948	$ -
Non-recurring:				
Impaired mortgage loans held for investment	249,549	-	-	249,549
	$ 281,497	$ -	$ 31,948	$ 249,549
As a percentage of total assets	5.4%	-%	0.6%	4.8%

There were no significant changes to the unobservable inputs used in determining the fair values of our level 2 and level 3 financial assets.

The carrying amounts and estimated fair values of our financial instruments at July 31, 2010 are as follows:

(in 000s)

	Carrying Amount	Estimated Fair Value
Mortgage loans held for investment	$ 563,090	$ 334,011
IRAs and other time deposits	435,635	436,228
Long-term debt	1,044,226	1,137,881
FHLB advances	75,000	75,149

8. Regulatory Requirements

H&R Block Bank (HRB Bank) files its regulatory Thrift Financial Report (TFR) on a calendar quarter basis with the Office of Thrift Supervision (OTS). The following table sets forth HRB Bank's regulatory capital requirements at June 30, 2010, as calculated in the most recently filed TFR:

(dollars in 000s)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
Total risk-based capital ratio[1]	$ 387,993	77.4%	$ 40,101	8.0%	$ 50,127	10.0%
Tier 1 risk-based capital ratio[2]	$ 381,315	76.1%	N/A	N/A	$ 30,076	6.0%
Tier 1 capital ratio (leverage)[3]	$ 381,315	29.7%	$ 154,031	12.0%	$ 64,179	5.0%
Tangible equity ratio[4]	$ 381,315	29.7%	$ 19,254	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.

As of July 31, 2010, HRB Bank's leverage ratio was 30.1%.

9. Variable Interests

In June 2009, the FASB issued revised authoritative guidance associated with the consolidation of variable interest entities (VIEs). The revised guidance replaced the previous quantitative-based assessment for determining whether an enterprise is the primary beneficiary of a VIE and focuses primarily on a qualitative assessment. This assessment requires identifying the enterprise that has (1) the power to direct the activities of the VIE that can most significantly impact the entity's performance; and (2) the obligation to absorb losses and the right to receive benefits from the VIE that could potentially be significant to such entity. The revised guidance also requires that the enterprise continually reassess whether it is the primary beneficiary of a VIE rather than conducting a reassessment only upon the occurrence of specific events.

We implemented this guidance on May 1, 2010 and evaluated our financial interests to determine if we had interests in VIEs and if we are the primary beneficiary of the VIE.

The following is a description of our financial interests in VIEs which we consider significant or where we are the sponsor. For these VIEs we have determined that we are not the primary beneficiary and, therefore have not consolidated the VIEs. Prior to implementation of this new guidance we did not consolidate these entities.

- **McGladrey & Pullen LLP** – The administrative services agreement with McGladrey & Pullen, LLP (M&P) and compensation arrangements between RSM McGladrey (RSM) and their managing directors represent a variable interest in M&P. These agreements are described more fully in our 2010 Annual Report to Shareholders on Form 10-K.

  We have concluded that RSM is not the primary beneficiary of M&P and, therefore, we have not consolidated M&P. RSM does not have an equity interest in M&P, nor does it have the power to direct any activities of M&P and does not receive any of its income. We have no assets or liabilities included in our condensed consolidated balance sheets related to our variable interests. We believe RSM's maximum exposure to economic loss, resulting from various agreements with M&P, relates primarily to shared office space from operating leases under the administrative services agreement equal to approximately $103.3 million, and variability in our operating results due to the compensation agreements with RSM managing directors. We do not provide any support that is not contractually required.
- **Securitization Trusts** – Sand Canyon Corporation (SCC) holds an interest in and is the sponsor (issuer) of 56 REMIC Trusts and 14 NIM Trusts (collectively, "Trusts") related to previously originated mortgage loans that were securitized. These Trusts are variable interest entities. The REMIC Trusts hold static pools of sub-prime residential mortgage loans. The NIM Trusts hold beneficial interests in certain REMIC Trusts. The Trusts were designed to collect and pass through to the beneficial interest holders the cash flows of the underlying mortgage loans. The REMIC Trusts were financed with bonds and equity. The NIM Trusts were financed with notes and equity. All bonds and notes are held by third-party investors.

  Our identification of the primary beneficiary of the Trusts was based on a determination that the servicer of the underlying mortgage loans has the power to direct the most significant activities of the Trusts because the servicer handles all of the loss mitigation activities for the mortgage loans.

  SCC is not the servicer of the mortgage loans underlying the REMIC Trusts. Therefore, SCC is not the primary beneficiary of the REMIC Trusts because it does not have the power to direct the most significant activities of the REMIC Trusts, which is the servicing of the underlying mortgage loans.

  SCC does have the exclusive right to appoint a servicer when certain conditions have been met for specific loans related to two of the NIM Trusts. As of July 31, 2010, those conditions have been met for a minority portion of the loans underlying those Trusts. As this right pertains only to a minority of the loans, we have concluded that SCC does not have the power to direct the most significant activities of these two NIM Trusts, as the servicer has the power to direct significant activities over the majority of the mortgage loans. In the remaining NIM Trusts, SCC has a shared right to appoint a servicer under certain conditions. For these NIM Trusts, we have concluded that SCC is not the primary beneficiary because the power to direct the most significant activities, which is the servicing of the underlying mortgage loans, is shared with other unrelated parties.

At July 31, 2010, we had no significant assets or liabilities included in our condensed consolidated balance sheets related to our variable interests in the Trusts. We have a reserve, as discussed in note 10, and a deferred tax asset recorded in our condensed consolidated balance sheets related to the securitization trusts. We have no remaining exposure to economic loss arising from impairment of our beneficial interest in the Trusts. If we receive cash flows in the future as a holder of beneficial interests we would record gains as other income in our income statement. As of June 30, 2010 mortgage loans underlying the REMIC and NIM Trusts had an unpaid principal balance of approximately $11.3 billion. We have no liquidity arrangements, guarantees or other commitments for the Trusts and have not provided any support that was not contractually required.

10. 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 condensed consolidated balance sheets, are as follows:

		(in 000s)
Three Months Ended July 31,	2010	2009
Balance, beginning of period	$ 141,542	$ 146,807
Amounts deferred for new guarantees issued	654	583
Revenue recognized on previous deferrals	(28,547)	(27,913)
Balance, end of period	$ 113,649	$ 119,477

The following table summarizes certain of our other contractual obligations and commitments:

		(in 000s)
As of	July 31, 2010	April 30, 2010
Franchise Equity Lines of Credit – undrawn commitment	$ 36,422	$ 36,806
Contingent business acquisition obligations	21,908	20,697
Media advertising purchase obligation	26,548	26,548

We routinely enter into contracts that include embedded indemnifications that have characteristics similar to guarantees. 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 value of guarantees and indemnifications relating to our continuing operations is not material as of July 31, 2010.

Discontinued Operations

Sand Canyon Corporation (SCC) completed its exit from the loan origination and loan servicing business effective April 30, 2008. At that time, the outstanding unpaid principal balance of loans originated and transferred totaled $50.4 billion, including loans previously transferred through private-label securitization transactions of $17.2 billion and whole loan sales of $33.2 billion of which 1% were with government sponsored enterprises (FNMA and FHLMC). The outstanding unpaid principal balance at June 30, 2010, (as reported by the servicer of those loans) totaled $33.2 billion, a decline of 34% from April 30, 2008. Outstanding loan principal at June 30, 2010 included $11.3 billion relating to loan securitizations and $21.9 billion relating to whole loan sales.

SCC made certain representations and warranties with respect to the transfer of such loans. In the event that there is a material adverse effect on the purchaser's, investor's or insurer's interest in a loan which resulted from a valid breach of a representation and warranty, SCC may be obligated to repurchase the loan or otherwise indemnify those parties for losses incurred as a result of loan liquidation. SCC records a

reserve for contingent losses relating to representation and warranty claims by estimating loan repurchase volumes and indemnification obligations based on both known claims and projections of future claims. Projections of future claims are based on an analysis that includes a combination of reviewing historical repurchase trends, recent repurchase activity, actual defaults and loss expectations, inquiries from various third parties and the probability that a future claim will be a valid breach of a representation and warranty.

At July 31, 2010, SCC had recorded a reserve for loan repurchase and indemnification obligations pertaining to claims of breach of representations and warranties of $188.1 million. This reserve represents our estimate of probable loss for both asserted and unasserted claims, which in the case of a repurchase of loans, would be net of the estimated value of collateral upon liquidation. Based on recent liquidations, loss severity rates have approximated 60%.

The gross principal balance of claims asserted by third parties for alleged breach of representations and warranties for the 27-month period from May 1, 2008 through July 31, 2010 totaled approximately $686 million. SCC has completed its review of claims totaling approximately $550 million and rejected the claim, or settled the claim through repurchase of loans or payment of loss. Net losses incurred on claim settlements during this period totaled approximately $55 million. Claims totaling $136 million (gross principal amount) remain under review by SCC at July 31, 2010.

Net losses on settled claims since April 30, 2008 have been within initial loss estimates. As such, these settlements have been recorded as a reduction to our initial reserve and no provisions for additional loss have been recorded subsequent to April 30, 2008. To the extent that valid claim volumes in the future exceed current estimates, or residential home values decline, our actual losses may be greater than our current estimates and those differences may be significant.

11. Litigation and Related Contingencies

We are party to investigations, legal claims and lawsuits arising out of our business operations. As required, we accrue our best estimate of loss contingencies when we believe a loss is probable and we can reasonably estimate the amount of any such loss. Amounts accrued, including obligations under indemnifications, totaled $24.0 million and $35.5 million at July 31, 2010 and April 30, 2010, respectively. Litigation is inherently unpredictable and it is difficult to predict the outcome of particular matters with reasonable certainty and, therefore, the actual amount of any loss may prove to be larger or smaller than the amounts reflected in our consolidated financial statements.

RAL Litigation

We have been named in multiple lawsuits as defendants in litigation regarding our refund anticipation loan program in past years. All of those lawsuits have been settled or otherwise resolved, except for one.

The sole remaining case is 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 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 Truth In Lending Act. 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 trial court's decertification decision is currently on appeal. We believe we have meritorious defenses to this case and intend to defend it vigorously. There can be no assurances, however, as to the outcome of this case or its impact on our consolidated results of operations.

Peace of Mind Litigation

We are defendants in lawsuits regarding our Peace of Mind program (collectively, the "POM Cases"), under which our applicable tax return preparation subsidiary assumes liability for additional tax assessments attributable to tax return preparation error. The POM Cases are described below.

Lorie J. Marshall, et al. v. H&R Block Tax Services, Inc., et al., Case No. 08-CV-591 in the U.S. District Court for the Southern District of Illinois, is a putative class action case originally filed in the Circuit Court of Madison County, Illinois on January 18, 2002. The plaintiffs allege that the sale of POM guarantees constitutes (1) statutory fraud by selling insurance without a license, (2) an unfair trade practice, by

omission and by "cramming" (i.e., charging customers for the guarantee even though they did not request it or want it), and (3) a breach of fiduciary duty. The plaintiffs seek unspecified damages, injunctive relief, attorneys' fees and costs. The Madison County court ultimately certified a class consisting of all persons residing in 13 states who paid a separate fee for POM from January 1, 1997 to the date of a final judgment from the court. We subsequently removed the case to federal court in the Southern District of Illinois, where it is now pending. In November 2009, the federal court issued an order vacating the state court's class certification ruling and allowing plaintiffs time to file a renewed motion for class certification under the federal rules. Plaintiffs filed a new motion for class certification seeking certification of an 11-state class. Oral argument on plaintiffs' motion occurred in April 2010 and the parties are awaiting a ruling. A trial date has been set for November 2010.

There is one other putative class action pending against us in Texas that involves the POM guarantee. This case, styled *Desiri L. Soliz v. H&R Block, et al.* (Cause No. 03-032-D), was filed on January 23, 2003 in the District Court of Kleberg County, Texas. This case involves the same plaintiffs' attorneys that are involved in the *Marshall* litigation in Illinois and contains allegations similar to those in the *Marshall* litigation. The plaintiff seeks actual and treble damages, equitable relief, attorneys' fees and costs. No class has been certified in this case.

We believe we have meritorious defenses to the claims in the POM Cases, and we intend to defend them vigorously. The amounts claimed in the POM Cases are substantial, however, and there can be no assurances as to the outcome of these pending actions or their impact on our consolidated results of operations, individually or in the aggregate.

Express IRA Litigation

On March 15, 2006, the New York Attorney General filed a lawsuit in the Supreme Court of the State of New York, County of New York (Index No. 06/401110) styled *The People of New York v. H&R Block, Inc. and H&R Block Financial Advisors, Inc., et al.* asserting claims against the Express IRA product. Thereafter, a number of civil actions were filed against HRBFA and us concerning the product. Except for two cases pending in state court, all of the civil actions were consolidated by the panel for Multi-District Litigation into a single action styled *In re H&R Block, Inc. Express IRA Marketing Litigation* (Case No. 06-1786-MD-RED) in the United States District Court for the Western District of Missouri. To avoid the cost and inherent risk associated with litigation, we reached an agreement to settle these cases. The settlement became final in May 2010. We previously recorded a sufficient liability for the loss associated with the settlement.

One other lawsuit relating to the Express IRA product remains pending. This lawsuit was filed on January 2, 2008 by the Mississippi Attorney General in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) and is styled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, 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. The defendants have filed a motion to dismiss. We believe we have meritorious defenses to the claims in this case, and we intend to defend this case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated results of operations.

Although we sold HRBFA effective November 1, 2008, we remain responsible for any liabilities relating to the Express IRA litigation through an indemnification agreement.

RSM McGladrey Litigation

RSM EquiCo, its parent and certain of its subsidiaries and affiliates, are parties to a class action filed on July 11, 2006 and styled *Do Right's Plant Growers, et al. v. RSM EquiCo, Inc., et al.*, Case No. 06 CC00137, in the California Superior Court, Orange County. The complaint contains allegations relating to business valuation services provided by RSM EquiCo, including allegations of fraud, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, breach of fiduciary duty and unfair competition. Plaintiffs seek unspecified actual and punitive damages, in addition to pre-judgment interest and attorneys' fees. On March 17, 2009, the court granted plaintiffs' motion for class certification on all claims. The defendants filed two requests for interlocutory review of the decision, the last of which was denied by the Supreme Court of California on September 30, 2009. A trial date has been set for January 2011.

The certified class consists of RSM EquiCo's U.S. clients who signed platform agreements and for whom RSM EquiCo did not ultimately market their business for sale. The fees paid to RSM EquiCo in connection with these agreements total approximately $185 million, a number which substantially exceeds the equity of RSM EquiCo. We intend to defend this case vigorously. The amount claimed in this action is substantial and could have a material adverse impact on our consolidated results of operations. There can be no assurance regarding the outcome of this matter.

On December 7, 2009, a lawsuit was filed in the Circuit Court of Cook County, Illinois (2009-L-014920) against M&P, RSM and H&R Block styled *Ronald R. Peterson ex rel. Lancelot Investors Fund, L.P., et al. v. McGladrey & Pullen LLP, et al.* The case was removed to the United States District Court for the Northern District of Illinois on December 28, 2009, where it remains pending (Case No. 1:10-CV-00274). The complaint, which was filed by the trustee for certain bankrupt investment funds, seeks unspecified damages and asserts claims against RSM for vicarious liability and alter ego liability and against H&R Block for equitable restitution relating to audit work performed by M&P. The amount claimed in this case is substantial. We believe we have meritorious defenses to the claims against RSM and H&R Block in this case and intend to defend it vigorously, but there can be no assurances as to its outcome or its impact on our consolidated results of operations.

RSM and M&P operate in an alternative practice structure. Accordingly, certain claims and lawsuits against M&P could have an impact on RSM. More specifically, any judgments or settlements arising from claims and lawsuits against M&P that exceed its insurance coverage could have a direct adverse effect on M&P's operations. Although RSM is not responsible for the liabilities of M&P, significant M&P litigation and claims could impair the profitability of the APS and impair the ability to attract and retain clients and quality professionals. This could, in turn, have a material adverse effect on RSM's operations and impair the value of our investment in RSM. There is no assurance regarding the outcome of any claims or litigation involving M&P.

Litigation and Claims Pertaining to Discontinued Mortgage Operations

Although mortgage loan origination activities were terminated and the loan servicing business was sold during fiscal year 2008, SCC remains subject to investigations, claims and lawsuits pertaining to its loan origination and servicing activities that occurred prior to such termination and sale. These investigations, claims and lawsuits include actions by state attorneys general, other state and federal regulators, municipalities, 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, public nuisance, fraud, and violations of the Truth in Lending Act, Equal Credit Opportunity Act and the Fair Housing Act. In the current non-prime mortgage environment, the number of these investigations, claims and lawsuits has increased over historical experience and is likely to continue at increased levels. The amounts claimed in these investigations, claims and lawsuits are substantial in some instances, and the ultimate resulting liability is difficult to predict. In the event of unfavorable outcomes, the amounts SCC may be required to pay in the discharge of liabilities or settlements could be substantial and, because SCC's operating results are included in our consolidated financial statements, could have a material adverse impact on our consolidated results of operations.

On June 3, 2008, the Massachusetts Attorney General filed a lawsuit in the Superior Court of Suffolk County, Massachusetts (Case No. 08-2474-BLS) styled *Commonwealth of Massachusetts v. H&R Block, Inc., et al.*, alleging unfair, deceptive and discriminatory origination and servicing of mortgage loans and seeking equitable relief, disgorgement of profits, restitution and statutory penalties. In November 2008, the court granted a preliminary injunction limiting the ability of the owner of SCC's former loan servicing business to initiate or advance foreclosure actions against certain loans originated by SCC or its subsidiaries without (1) advance notice to the Massachusetts Attorney General and (2) if the Attorney General objects to foreclosure, approval by the court. An appeal of the preliminary injunction was denied. A trial date has been set for June 2011. We believe the claims in this case are without merit, and we intend to defend this case vigorously. There can be no assurances, however, as to its outcome or its impact on our consolidated results of operations.

Other Claims and Litigation

We have been named in several wage and hour class action lawsuits throughout the country, respectively styled *Alice Williams v. H&R Block Enterprises LLC*, Case No.RG08366506 (Superior Court of California, County of Alameda, filed January 17, 2008); *Arabella Lemus v. H&R Block Enterprises LLC, et al.*, Case No. CGC-09-489251 (United States District Court, Northern District of California, filed June 9, 2009); *Delana Ugas v. H&R Block Enterprises LLC, et al.*, Case No. BC417700 (United States District Court, Central District of California, filed July 13, 2009); *Barbara Petroski 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); *Lance Hom v. H&R Block Enterprises LLC, et al.*, Case No. 10CV0476 H (United States District Court, Southern District of California, filed March 4, 2010); *Stacy Oyer v. H&R Block Eastern Enterprises, Inc., et al.*, Case No. 10-CV-00387-WMS (United States District Court, Western District of New York, filed May 10, 2010); and *Li Dong Ma v. RSM McGladrey TBS, LLC, et al.*, Case No. C-08-01729 JF (United States District Court, Northern District of California, filed February 28, 2008). These cases involve a variety of legal theories and allegations including, among other things, failure to compensate employees for all hours worked; failure to provide employees with meal periods; failure to provide itemized wage statements; failure to pay wages due upon termination; failure to compensate for mandatory off-season training; and/or misclassification of non-exempt employees. The plaintiffs seek actual damages, in addition to statutory penalties, pre-judgment interest and attorneys' fees. We believe we have meritorious defenses to the claims in these cases and intend to defend them vigorously. The amounts claimed in these matters are substantial in some instances, however, and the ultimate liability with respect to these matters is difficult to predict. There can be no assurances as to the outcome of these cases or their impact on our consolidated results of operations, individually or in the aggregate.

In addition, we are from time to time party to investigations, claims and lawsuits not discussed herein arising out of our business operations. These investigations, claims and lawsuits include actions by state attorneys general, other state regulators, individual plaintiffs, and cases in which plaintiffs seek to represent a class of others similarly situated. Some of these investigations, claims and lawsuits pertain to RALs, the electronic filing of customers' income tax returns, the POM guarantee program, and other products and services. 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 adverse impact on our consolidated results of operations.

We are also party to claims and lawsuits that we consider to be ordinary, routine litigation incidental to our business, including claims and lawsuits (collectively, "Other Claims") concerning the preparation of customers' income tax returns, the fees charged customers for various products and services, relationships with franchisees, intellectual property disputes, employment matters and contract disputes. 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 of liabilities or settlements in these Other Claims will not have a material adverse impact on our consolidated results of operations.

12. Segment Information

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

		(in 000s)
Three Months Ended July 31,	2010	2009
Revenues:		
Tax Services	$ 91,645	$ 87,963
Business Services	174,710	177,618
Corporate	8,119	9,924
	$ 274,474	$ 275,505
Pretax income (loss):		
Tax Services	$ (174,624)	$ (171,974)
Business Services	(433)	1,321
Corporate	(32,260)	(40,220)
Loss from continuing operations before tax benefit	$ (207,317)	$ (210,873)

13. Accounting Pronouncements

In July 2010 the Financial Accounting Standard Board (FASB) issued Accounting Standards Update 2010-20, Disclosures About Credit Quality of Financing Receivables and Allowance for Credit Losses. This guidance would require enhanced disclosures about the allowance for credit losses and the credit quality of financing receivables and would apply to financing receivables held by all creditors. This guidance is effective beginning with the first interim or annual reporting period ending after December 15, 2010. Early application is encouraged. We are currently evaluating the effect of this guidance on our financial statement disclosures.

In October 2009, the FASB issued Accounting Standards Update 2009-13, "Revenue Recognition (Topic 605) – Multiple-Deliverable Revenue Arrangements" (ASU 2009-13). This guidance amends the criteria for separating consideration in multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (1) vendor-specific objective evidence; (2) third-party evidence; or (3) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's multiple-deliverable revenue arrangements. This guidance is effective prospectively for revenue arrangements entered into or materially modified beginning with our fiscal year 2012. We are currently evaluating the effect of this guidance on our consolidated financial statements.

In June 2009, the FASB issued guidance, under Topic 860 – Transfers and Servicing. This guidance will require more disclosure about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a qualifying special purpose entity and changes the requirements for derecognizing financial assets. We adopted this guidance as of May 1, 2010 and it did not have a material effect on our consolidated financial statements.

14. Condensed Consolidating Financial Statements

Block Financial LLC (BFC) is an indirect, wholly-owned consolidated subsidiary of the Company. BFC is the Issuer and the Company is the Guarantor of the Senior Notes issued on January 11, 2008 and October 26, 2004, our unsecured committed lines of credit (CLOCs) 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 Income Statements					(in 000s)
Three Months Ended July 31, 2010	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 21,000	$ 253,474	$ -	$ 274,474
Cost of revenues	-	39,028	328,988	-	368,016
Selling, general and administrative	-	2,090	114,939	-	117,029
Total expenses	-	41,118	443,927	-	485,045
Operating income (loss)	-	(20,118)	(190,453)	-	(210,571)
Other income (expense), net	(207,317)	382	2,872	207,317	3,254
Loss from continuing operations before tax benefit	(207,317)	(19,736)	(187,581)	207,317	(207,317)
Income taxes (benefit)	(79,679)	(7,841)	(71,838)	79,679	(79,679)
Net loss from continuing operations	(127,638)	(11,895)	(115,743)	127,638	(127,638)
Net loss from discontinued operations	(3,043)	(3,004)	(39)	3,043	(3,043)
Net loss	$ (130,681)	$ (14,899)	$ (115,782)	$ 130,681	$ (130,681)

Three Months Ended July 31, 2009	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 23,196	$ 252,365	$ (56)	$ 275,505
Cost of revenues	-	45,560	340,890	-	386,450
Selling, general and administrative	-	2,498	100,775	(56)	103,217
Total expenses	-	48,058	441,665	(56)	489,667
Operating income (loss)	-	(24,862)	(189,300)	-	(214,162)
Other income (expense), net	(210,873)	(1,233)	4,522	210,873	3,289
Loss from continuing operations before tax benefit	(210,873)	(26,095)	(184,778)	210,873	(210,873)
Income taxes (benefit)	(80,256)	(10,692)	(69,564)	80,256	(80,256)
Net loss from continuing operations	(130,617)	(15,403)	(115,214)	130,617	(130,617)
Net loss from discontinued operations	(3,017)	(3,017)	-	3,017	(3,017)
Net loss	$ (133,634)	$ (18,420)	$ (115,214)	$ 133,634	$ (133,634)

Condensed Consolidating Balance Sheets					(in 000s)
July 31, 2010	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ -	$ 604,527	$ 494,429	$ (346)	$ 1,098,610
Cash & cash equivalents – restricted	-	324	36,685	-	37,009
Receivables, net	-	96,867	280,062	-	376,929
Mortgage loans held for investment	-	563,090	-	-	563,090
Intangible assets and goodwill, net	-	-	1,249,353	-	1,249,353
Investments in subsidiaries	2,874,038	-	209	(2,874,038)	209
Other assets	14,552	348,407	736,005	-	1,098,964
Total assets	$ 2,888,590	$ 1,613,215	$ 2,796,743	$ (2,874,384)	$ 4,424,164
Customer deposits	$ -	$ 731,759	$ -	$ (346)	$ 731,413
Long-term debt	-	998,695	45,531	-	1,044,226
FHLB borrowings	-	75,000	-	-	75,000
Other liabilities	121,145	125,317	1,301,916	-	1,548,378
Net intercompany advances	1,742,298	(396,112)	(1,346,186)	-	-
Stockholders' equity	1,025,147	78,556	2,795,482	(2,874,038)	1,025,147
Total liabilities and stockholders' equity	$ 2,888,590	$ 1,613,215	$ 2,796,743	$ (2,874,384)	$ 4,424,164

April 30, 2010	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ -	$ 702,021	$ 1,102,135	$ (111)	$ 1,804,045
Cash & cash equivalents – restricted	-	6,160	28,190	-	34,350
Receivables, net	57	105,192	412,737	-	517,986
Mortgage loans held for investment, net	-	595,405	-	-	595,405
Intangible assets and goodwill, net	-	-	1,207,879	-	1,207,879
Investments in subsidiaries	3,276,597	-	231	(3,276,597)	231
Other assets	19,014	332,782	722,626	-	1,074,422
Total assets	$ 3,295,668	$ 1,741,560	$ 3,473,798	$ (3,276,708)	$ 5,234,318
Customer deposits	$ -	$ 852,666	$ -	$ (111)	$ 852,555
Long-term debt	-	998,605	36,539	-	1,035,144
FHLB borrowings	-	75,000	-	-	75,000
Other liabilities	48,775	153,154	1,629,060	-	1,830,989
Net intercompany advances	1,806,263	(431,696)	(1,374,567)	-	-
Stockholders' equity	1,440,630	93,831	3,182,766	(3,276,597)	1,440,630
Total liabilities and stockholders' equity	$ 3,295,668	$ 1,741,560	$ 3,473,798	$ (3,276,708)	$ 5,234,318

Condensed Consolidating Statements of Cash Flows					(in 000s)
Three Months Ended July 31, 2010	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash used in operating activities:	$ 22,849	$ (43,301)	$ (327,799)	$ -	$ (348,251)
Cash flows from investing:					
Mortgage loans originated for investment, net	-	17,618	-	-	17,618
Purchase property & equipment	-	-	(8,634)	-	(8,634)
Payments made for business acquisitions, net	-	-	(33,226)	-	(33,226)
Net intercompany advances	188,324	-	-	(188,324)	-
Other, net	-	13,672	4,567	-	18,239
Net cash provided by (used in) investing activities	188,324	31,290	(37,293)	(188,324)	(6,003)
Cash flows from financing:					
Customer banking deposits	-	(121,166)	-	(235)	(121,401)
Dividends paid	(48,692)	-	-	-	(48,692)
Repurchase of common stock	(164,369)	-	-	-	(164,369)
Proceeds from exercise of stock options	1,500	-	-	-	1,500
Net intercompany advances	-	35,507	(223,831)	188,324	-
Other, net	388	176	(16,551)	-	(15,987)
Net cash used in financing activities	(211,173)	(85,483)	(240,382)	188,089	(348,949)
Effects of exchange rates on cash	-	-	(2,232)	-	(2,232)
Net decrease in cash	-	(97,494)	(607,706)	(235)	(705,435)
Cash – beginning of period	-	702,021	1,102,135	(111)	1,804,045
Cash – end of period	$ -	$ 604,527	$ 494,429	$ (346)	$ 1,098,610

Three Months Ended July 31, 2009	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash used in operating activities:	$ 868	$ (4,881)	$ (450,564)	$ -	$ (454,577)
Cash flows from investing:					
Mortgage loans originated for investment, net	-	19,264	-	-	19,264
Purchase property & equipment	-	-	(8,760)	-	(8,760)
Net intercompany advances	45,536	-	-	(45,536)	-
Other, net	-	6,803	(1,947)	-	4,856
Net cash provided by (used in) investing activities	45,536	26,067	(10,707)	(45,536)	15,360
Cash flows from financing:					
Customer banking deposits	-	(148,861)	-	5,662	(143,199)
Dividends paid	(50,287)	-	-	-	(50,287)
Repurchase of common stock	(3,483)	-	-	-	(3,483)
Proceeds from exercise of stock options	6,651	-	-	-	6,651
Net intercompany advances	-	18,058	(63,594)	45,536	-
Other, net	715	(8,838)	(17,765)	-	(25,888)
Net cash provided by financing activities	(46,404)	(139,641)	(81,359)	51,198	(216,206)
Effects of exchange rates on cash	-	-	7,063	-	7,063
Net decrease in cash	-	(118,455)	(535,567)	5,662	(648,360)
Cash – beginning of period	-	241,350	1,419,535	(6,222)	1,654,663
Cash – end of period	$ -	$ 122,895	$ 883,968	$ (560)	$ 1,006,303

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

RESULTS OF OPERATIONS

Our subsidiaries provide tax preparation, retail banking and various business advisory and consulting services. We are the only major company offering a full range of software, online and in-office tax preparation solutions to individual tax clients.

TAX SERVICES

This segment primarily consists of our income tax preparation businesses – retail, online and software. This segment includes our tax operations in the U.S., Canada and Australia. Additionally, this segment includes the product offerings and activities of HRB Bank that primarily support the tax network, our participations in refund anticipation loans, and our commercial tax businesses, which provide tax preparation software to CPAs and other tax preparers.

Tax Services – Operating Results		(in 000s)
Three Months Ended July 31,	2010	2009
Tax preparation fees	$ 34,545	$ 33,625
Fees from Peace of Mind guarantees	28,547	27,913
Fees from Emerald Card activities	10,575	11,691
Royalties	5,605	3,607
Other	12,373	11,127
Total revenues	91,645	87,963
Compensation and benefits:		
Field wages	39,249	39,379
Corporate wages	28,486	29,880
Benefits and other compensation	34,304	21,316
	102,039	90,575
Occupancy and equipment	82,624	87,920
Depreciation and amortization	22,395	22,316
Marketing and advertising	8,413	6,839
Other	50,798	52,287
Total expenses	266,269	259,937
Pretax loss	$ (174,624)	$ (171,974)

Three months ended July 31, 2010 compared to July 31, 2009

Tax Services' revenues increased $3.7 million, or 4.2%, for the three months ended July 31, 2010 compared to the prior year, primarily due to higher royalties earned as a result of the conversion of company-owned offices to franchises in the prior year.

Total expenses increased $6.3 million, or 2.4%, for the three months ended July 31, 2010. Benefits and other compensation increased $13.0 million, or 60.9%, primarily as a result of severance costs and related payroll taxes in the current year. Occupancy and equipment expenses decreased $5.3 million, or 6.0%, primarily due to the closure of certain offices during the current quarter.

The pretax loss for the three months ended July 31, 2010 and 2009 was $174.6 million and $172.0 million, respectively.

In August 2010, the Internal Revenue Service (IRS) announced that, as of the beginning of the upcoming tax season, it would no longer furnish the debt indicator (DI), to tax preparers or financial institutions. As a result, RAL volumes are expected to decline in fiscal year 2011, and alternate products may have lower margins resulting in reduced profitability. We estimate that the impact of the discontinuation of the DI will reduce our pretax profitability by approximately $25 million or $0.05 per share. Our estimate is based on a number of assumptions and actual results could differ.

BUSINESS SERVICES

This segment consists of RSM McGladrey, Inc. (RSM), a national firm offering tax and consulting services, wealth management and capital market services to middle-market companies.

Business Services – Operating Results		(in 000s)
Three Months Ended July 31,	2010	2009
Tax services	$ 81,331	$ 82,669
Business consulting	61,678	61,921
Accounting services	10,842	11,529
Capital markets	2,390	1,517
Reimbursed expenses	6,331	4,149
Other	12,138	15,833
Total revenues	174,710	177,618
Compensation and benefits	127,113	134,380
Occupancy	11,930	9,252
Amortization of intangible assets	2,836	2,965
Other	33,264	29,700
Total expenses	175,143	176,297
Pretax income (loss)	$ (433)	$ 1,321

Three months ended July 31, 2010 compared to July 31, 2009

Business Services' revenues for the three months ended July 31, 2010 decreased $2.9 million, or 1.6% from the prior year.

Total expenses decreased $1.2 million, or 0.7%, from the prior year. Compensation and benefits decreased $7.3 million, or 5.4%, primarily due to decreases in managing director compensation.

The pretax loss for the three months ended July 31, 2010 was $0.4 million compared to income of $1.3 million in the prior year.

CORPORATE, ELIMINATIONS AND INCOME TAXES ON CONTINUING OPERATIONS

Corporate operating losses include interest income from U.S. passive investments, interest expense on borrowings, net interest margin and gains or losses relating to mortgage loans held for investment, real estate owned, residual interests in securitizations and other corporate expenses, principally related to finance, legal and other support departments.

Corporate – Operating Results		(in 000s)
Three Months Ended July 31,	2010	2009
Interest income:		
Mortgage loans held for investment, net	$ 6,323	$ 7,896
Other investments	471	824
	6,794	8,720
Other	1,325	1,204
Total revenues	8,119	9,924
Interest expense	20,788	19,658
Provision for loan losses	8,000	13,600
Compensation and benefits	12,385	13,301
Other	(794)	3,585
Total expenses	40,379	50,144
Pretax loss	$ (32,260)	$ (40,220)

Three months ended July 31, 2010 compared to July 31, 2009

Interest income earned on mortgage loans held for investment decreased $1.6 million from the prior year, primarily as a result of declining rates and non-performing loans. Other expenses declined $4.4 million primarily due to expense reductions and higher cash receipts on residual interests in securitizations.

Income Taxes

Our effective tax rate for continuing operations was 38.4% and 38.1% for the three months ended July 31, 2010 and 2009, respectively. Our effective tax rate increased from the prior year due to non-taxable gains from investments in company-owned life insurance assets recorded in the first fiscal quarter of last year. This increase was partially offset by a decrease to the state effective tax rate. We expect our effective tax rate for full fiscal year 2011 to be approximately 39%.

Mortgage Loans Held for Investment

Mortgage loans held for investment at July 31, 2010 totaled $563.1 million. The portfolio includes loans originated by Sand Canyon Corporation (SCC) and purchased by HRB Bank which constitutes approximately 63% of the total loan portfolio at July 31, 2010. We have experienced higher rates of delinquency and have greater exposure to loss with respect to this segment of our loan portfolio. Our remaining loan portfolio totaled $239.9 million and is characteristic of a prime loan portfolio, and we believe subject to a lower loss exposure.

Detail of our mortgage loans held for investment and the related allowance, excluding unamortized deferred fees and costs of $4.8 million and $5.3 million at July 31, 2010 and April 30, 2010, respectively, is as follows:

(dollars in 000s)

	Outstanding Principal Balance	Loan Loss Allowance Amount	Loan Loss Allowance % of Principal	% 30+ Days Past Due
As of July 31, 2010:				
Purchased from SCC	$ 406,881	$ 77,618	19.1%	37.3%
All other	239,850	10,778	4.5%	10.0%
	$ 646,731	$ 88,396	13.7%	27.2%
As of April 30, 2010:				
Purchased from SCC	$ 434,644	$ 82,793	19.1%	37.8%
All other	249,040	10,742	4.3%	8.9%
	$ 683,684	$ 93,535	13.7%	27.3%

We recorded provisions for loan losses of $8.0 million and $13.6 million during the three months ended July 31, 2010 and 2009, respectively. Our allowance for loan losses as a percent of mortgage loans was 13.7%, or $88.4 million, at July 31, 2010, compared to 13.7%, or $93.5 million, at April 30, 2010. This allowance represents our best estimate of credit losses inherent in the loan portfolio as of the balance sheet dates.

FINANCIAL CONDITION

These comments should be read in conjunction with the condensed 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 May through mid-January.

Given the likely availability of a number of liquidity options discussed herein, including borrowing capacity under our unsecured committed lines of credit (CLOCs), we believe, that in the absence of any unexpected developments, our existing sources of capital at July 31, 2010 are sufficient to meet our operating needs.

CASH FROM OPERATING ACTIVITIES – Cash used by operations totaled $348.3 million for the first three months of fiscal year 2011, compared with $454.6 million for the same period last year. The decrease was primarily due to lower income tax payments made during the current quarter compared to the prior year.

CASH FROM INVESTING ACTIVITIES – Cash used in investing activities totaled $6.0 million for the first three months of fiscal year 2011, compared to $15.4 million provided in the same period last year.

Mortgage Loans Held for Investment. We received net payments of $17.6 million and $19.3 million on our mortgage loans held for investment for the first three months of fiscal years 2011 and 2010, respectively. Cash payments declined due primarily due to non-performing loans and continued run-off of our portfolio.

Purchases of Property and Equipment. Total cash paid for property and equipment was $8.6 million and $8.8 million for the first three months of fiscal years 2011 and 2010, respectively.

Business Acquisitions. Total cash paid for acquisitions was $33.2 million and $1.5 million during the three months ended July 31, 2010 and 2009, respectively. In July 2010 our Business Services segment acquired a Boston-based accounting firm for $29.8 million in cash, subject to adjustments.

Sales of Businesses. During the first quarter of fiscal year 2011, we sold 127 tax offices to franchisees for proceeds of $26.4 million. During fiscal year 2010, we sold 267 tax offices to franchisees for proceeds of $65.7 million. The majority of these sales were financed through Franchise Equity Lines of Credit (FELCs). Sales proceeds and cash payments under the lines of credit are both included in investing activities.

CASH FROM FINANCING ACTIVITIES – Cash used in financing activities totaled $348.9 million for the first three months of fiscal year 2011, compared to $216.2 million for the same period last year.

Customer Banking Deposits. Customer banking deposits declined $121.4 million for the three months ended July 31, 2010 compared to $143.2 million in the prior year, due to seasonal fluctuations in prepaid debit card deposits.

Dividends. We have consistently paid quarterly dividends. Dividends paid totaled $48.7 million and $50.3 million for the three months ended July 31, 2010 and 2009, respectively.

Repurchase and Retirement of Common Stock. During the three months ended July 31, 2010, we purchased and immediately retired 15.5 million shares of our common stock at a cost of $235.7 million. Cash payments of $161.0 million were made during the quarter for the share repurchases with the settlement of the remaining $74.7 million occurring in August. We may continue to repurchase and retire common stock or retire treasury stock in the future.

Issuances of Common Stock. Proceeds from the issuance of common stock totaled $1.5 million and $6.7 million for the three months ended July 31, 2010 and 2009, respectively. This decline is due to a reduction in stock option exercises and the related tax benefits.

BORROWINGS

The following chart provides the debt ratings for BFC as of July 31, 2010:

	Short-term	Long-term	Outlook
Moody's	P-2	Baa1	Negative
S&P	A-2	BBB	Positive[(1)]
DBRS	R-2(high)	BBB(high)	Positive[(1)]

(1) In August 2010, the outlook was changed to "Stable."

During the quarter ended July 31, 2010 Moody's revised their outlook from stable to negative, and in August, initiated a 90-day review period to consider a possible ratings downgrade.

There have been no other material changes in our borrowings or debt ratings from those reported at April 30, 2010 in our Annual Report on Form 10-K.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

There have been no material changes in our contractual obligations and commercial commitments from those reported at April 30, 2010 in our Annual Report on Form 10-K.

REGULATORY ENVIRONMENT

There have been no material changes in our regulatory environment from those reported at April 30, 2010 in our Annual Report on Form 10-K.

FORWARD-LOOKING INFORMATION

This report and other documents filed with the Securities and Exchange Commission (SEC) may contain forward-looking statements. 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 such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "would," "should," "could" or "may." Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. They may include projections 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. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties. These statements speak only as of the date made and management does not undertake to update them to reflect changes or events occurring after that date except as required by federal securities laws.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks from those reported at April 30, 2010 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. 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, we 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 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

RAL Litigation

We have been named in multiple lawsuits as defendants in litigation regarding our refund anticipation loan program in past years. All of those lawsuits have been settled or otherwise resolved, except for one.

The sole remaining case is 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 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 Truth In Lending Act. 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 trial court's decertification decision is currently on appeal. We believe we have meritorious defenses to this case and intend to defend it vigorously. There can be no assurances, however, as to the outcome of this case or its impact on our consolidated results of operations.

Peace of Mind Litigation

We are defendants in lawsuits regarding our Peace of Mind program (collectively, the "POM Cases"), under which our applicable tax return preparation subsidiary assumes liability for additional tax assessments attributable to tax return preparation error. The POM Cases are described below.

Lorie J. Marshall, et al. v. H&R Block Tax Services, Inc., et al., Case No. 08-CV-591 in the U.S. District Court for the Southern District of Illinois, is a putative class action case originally filed in the Circuit Court of Madison County, Illinois on January 18, 2002. The plaintiffs allege that the sale of POM guarantees constitutes (1) statutory fraud by selling insurance without a license, (2) an unfair trade practice, by omission and by "cramming" (i.e., charging customers for the guarantee even though they did not request it or want it), and (3) a breach of fiduciary duty. The plaintiffs seek unspecified damages, injunctive relief, attorneys' fees and costs. The Madison County court ultimately certified a class consisting of all persons residing in 13 states who

paid a separate fee for POM from January 1, 1997 to the date of a final judgment from the court. We subsequently removed the case to federal court in the Southern District of Illinois, where it is now pending. In November 2009, the federal court issued an order vacating the state court's class certification ruling and allowing plaintiffs time to file a renewed motion for class certification under the federal rules. Plaintiffs filed a new motion for class certification seeking certification of an 11-state class. Oral argument on plaintiffs' motion occurred in April 2010 and the parties are awaiting a ruling. A trial date has been set for November 2010.

There is one other putative class action pending against us in Texas that involves the POM guarantee. This case, styled *Desiri L. Soliz v. H&R Block, et al.* (Cause No. 03-032-D), was filed on January 23, 2003 in the District Court of Kleberg County, Texas. This case involves the same plaintiffs' attorneys that are involved in the *Marshall* litigation in Illinois and contains allegations similar to those in the *Marshall* litigation. The plaintiff seeks actual and treble damages, equitable relief, attorneys' fees and costs. No class has been certified in this case.

We believe we have meritorious defenses to the claims in the POM Cases, and we intend to defend them vigorously. The amounts claimed in the POM Cases are substantial, however, and there can be no assurances as to the outcome of these pending actions or their impact on our consolidated results of operations, individually or in the aggregate.

Express IRA Litigation

On March 15, 2006, the New York Attorney General filed a lawsuit in the Supreme Court of the State of New York, County of New York (Index No. 06/401110) styled *The People of New York v. H&R Block, Inc. and H&R Block Financial Advisors, Inc., et al.* asserting claims against the Express IRA product. Thereafter, a number of civil actions were filed against HRBFA and us concerning the product. Except for two cases pending in state court, all of the civil actions were consolidated by the panel for Multi-District Litigation into a single action styled *In re H&R Block, Inc. Express IRA Marketing Litigation* (Case No. 06-1786-MD-RED) in the United States District Court for the Western District of Missouri. To avoid the cost and inherent risk associated with litigation, we reached an agreement to settle these cases. The settlement became final in May 2010. We previously recorded a sufficient liability for the loss associated with the settlement.

One other lawsuit relating to the Express IRA product remains pending. This lawsuit was filed on January 2, 2008 by the Mississippi Attorney General in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) and is styled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, 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. The defendants have filed a motion to dismiss. We believe we have meritorious defenses to the claims in this case, and we intend to defend this case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated results of operations.

Although we sold HRBFA effective November 1, 2008, we remain responsible for any liabilities relating to the Express IRA litigation through an indemnification agreement.

RSM McGladrey Litigation

RSM EquiCo, its parent and certain of its subsidiaries and affiliates, are parties to a class action filed on July 11, 2006 and styled *Do Right's Plant Growers, et al. v. RSM EquiCo, Inc., et al.*, Case No. 06 CC00137, in the California Superior Court, Orange County. The complaint contains allegations relating to business valuation services provided by RSM EquiCo, including allegations of fraud, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, breach of fiduciary duty and unfair competition. Plaintiffs seek unspecified actual and punitive damages, in addition to pre-judgment interest and attorneys' fees. On March 17, 2009, the court granted plaintiffs' motion for class certification on all claims. The defendants filed two requests for interlocutory review of the decision, the last of which was denied by the Supreme Court of California on September 30, 2009. A trial date has been set for January 2011.

The certified class consists of RSM EquiCo's U.S. clients who signed platform agreements and for whom RSM EquiCo did not ultimately market their business for sale. The fees paid to RSM EquiCo in connection with these agreements total approximately $185 million, a number which substantially exceeds the equity of RSM EquiCo. We intend to defend this case vigorously. The amount claimed in this action is substantial and could have a

material adverse impact on our consolidated results of operations. There can be no assurance regarding the outcome of this matter.

On December 7, 2009, a lawsuit was filed in the Circuit Court of Cook County, Illinois (2009-L-014920) against M&P, RSM and H&R Block styled *Ronald R. Peterson ex rel. Lancelot Investors Fund, L.P., et al. v. McGladrey & Pullen LLP, et al.* The case was removed to the United States District Court for the Northern District of Illinois on December 28, 2009, where it remains pending (Case No. 1:10-CV-00274). The complaint, which was filed by the trustee for certain bankrupt investment funds, seeks unspecified damages and asserts claims against RSM for vicarious liability and alter ego liability and against H&R Block for equitable restitution relating to audit work performed by M&P. The amount claimed in this case is substantial. We believe we have meritorious defenses to the claims against RSM and H&R Block in this case and intend to defend it vigorously, but there can be no assurances as to its outcome or its impact on our consolidated results of operations.

RSM and M&P operate in an alternative practice structure. Accordingly, certain claims and lawsuits against M&P could have an impact on RSM. More specifically, any judgments or settlements arising from claims and lawsuits against M&P that exceed its insurance coverage could have a direct adverse effect on M&P's operations. Although RSM is not responsible for the liabilities of M&P, significant M&P litigation and claims could impair the profitability of the alternative practice structure and impair the ability to attract and retain clients and quality professionals. This could, in turn, have a material adverse effect on RSM's operations and impair the value of our investment in RSM. There is no assurance regarding the outcome of any claims or litigation involving M&P.

Litigation and Claims Pertaining to Discontinued Mortgage Operations

Although mortgage loan origination activities were terminated and the loan servicing business was sold during fiscal year 2008, SCC remains subject to investigations, claims and lawsuits pertaining to its loan origination and servicing activities that occurred prior to such termination and sale. These investigations, claims and lawsuits include actions by state attorneys general, other state and federal regulators, municipalities, 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, public nuisance, fraud, and violations of the Truth in Lending Act, Equal Credit Opportunity Act and the Fair Housing Act. In the current non-prime mortgage environment, the number of these investigations, claims and lawsuits has increased over historical experience and is likely to continue at increased levels. The amounts claimed in these investigations, claims and lawsuits are substantial in some instances, and the ultimate resulting liability is difficult to predict. In the event of unfavorable outcomes, the amounts SCC may be required to pay in the discharge of liabilities or settlements could be substantial and, because SCC's operating results are included in our consolidated financial statements, could have a material adverse impact on our consolidated results of operations.

On June 3, 2008, the Massachusetts Attorney General filed a lawsuit in the Superior Court of Suffolk County, Massachusetts (Case No. 08-2474-BLS) styled *Commonwealth of Massachusetts v. H&R Block, Inc., et al.*, alleging unfair, deceptive and discriminatory origination and servicing of mortgage loans and seeking equitable relief, disgorgement of profits, restitution and statutory penalties. In November 2008, the court granted a preliminary injunction limiting the ability of the owner of SCC's former loan servicing business to initiate or advance foreclosure actions against certain loans originated by SCC or its subsidiaries without (1) advance notice to the Massachusetts Attorney General and (2) if the Attorney General objects to foreclosure, approval by the court. An appeal of the preliminary injunction was denied. A trial date has been set for June 2011. We believe the claims in this case are without merit, and we intend to defend this case vigorously. There can be no assurances, however, as to its outcome or its impact on our consolidated results of operations.

Other Claims and Litigation

We have been named in several wage and hour class action lawsuits throughout the country, respectively styled *Alice Williams v. H&R Block Enterprises LLC*, Case No.RG08366506 (Superior Court of California, County of Alameda, filed January 17, 2008); *Arabella Lemus v. H&R Block Enterprises LLC, et al.*, Case No. CGC-09-489251 (United States District Court, Northern District of California, filed June 9, 2009); *Delana Ugas v. H&R Block Enterprises LLC, et al.*, Case No. BC417700 (United States District Court, Central District of California, filed July 13, 2009); *Barbara Petroski 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); *Lance Hom v. H&R Block Enterprises LLC, et al.*, Case No. 10CV0476 H (United States District Court, Southern District of California, filed March 4, 2010); *Stacy Oyer v. H&R Block Eastern Enterprises, Inc., et al.*, Case No. 10-CV-00387-WMS (United States District Court, Western District of New York, filed May 10, 2010); and *Li Dong Ma v. RSM McGladrey TBS, LLC, et al.*, Case No. C-08-01729 JF (United States District Court, Northern District of California, filed February 28, 2008). These cases involve a variety of legal theories and allegations including, among other things, failure to compensate employees for all hours worked; failure to provide employees with meal periods; failure to provide itemized wage statements; failure to pay wages due upon termination; failure to compensate for mandatory off-season training; and/or misclassification of non-exempt employees. The plaintiffs seek actual damages, in addition to statutory penalties, pre-judgment interest and attorneys' fees. We believe we have meritorious defenses to the claims in these cases and intend to defend them vigorously. The amounts claimed in these matters are substantial in some instances, however, and the ultimate liability with respect to these matters is difficult to predict. There can be no assurances as to the outcome of these cases or their impact on our consolidated results of operations, individually or in the aggregate.

In addition, we are from time to time party to investigations, claims and lawsuits not discussed herein arising out of our business operations. These investigations, claims and lawsuits include actions by state attorneys general, other state regulators, individual plaintiffs, and cases in which plaintiffs seek to represent a class of others similarly situated. Some of these investigations, claims and lawsuits pertain to RALs, the electronic filing of customers' income tax returns, the POM guarantee program, and other products and services. 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 adverse impact on our consolidated results of operations.

We are also party to claims and lawsuits that we consider to be ordinary, routine litigation incidental to our business, including claims and lawsuits (collectively, "Other Claims") concerning the preparation of customers' income tax returns, the fees charged customers for various products and services, relationships with franchisees, intellectual property disputes, employment matters and contract disputes. 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 of liabilities or settlements in these Other Claims will not have a material adverse impact on our consolidated results of operations.

ITEM 1A. RISK FACTORS

THE ELIMINATION OF THE IRS DEBT INDICATOR MAY INCREASE THE RISK OF DEFAULT ON RALS AND MAY REDUCE OUR PROFITABILITY.

In August 2010, the Internal Revenue Service (IRS) announced that, as of the beginning of the upcoming tax season, it would no longer furnish the debt indicator (DI), to tax preparers or financial institutions. The DI is an underwriting tool that lenders use when considering whether to loan money to taxpayers who apply for a refund anticipation loan (RAL), which is short term loan, secured by the taxpayer's federal tax refund. As a result of the IRS decision, approval rates and loan amounts will likely be lower, and lenders may issue RALs that have a greater probability of not being repaid. Our participation interests in any RALs issued without the DI used in the credit assessment of the client may have a higher risk of default, which could increase our bad debt expense and reduce our profitability. During the fiscal year ended April 30, 2010, our revenues from RAL participations (including RALs which were based on underwriting standards that included use of the DI) totaled $146.2 million. RAL volumes are expected to decline in fiscal year 2011, and alternate products may have lower margins resulting in reduced profitability. We estimate that the impact of the discontinuation of the DI will reduce our pretax profitability by approximately $25 million or $0.05 per share. Our estimate is based on a number of assumptions and actual results could differ.

There have been no other material changes in our risk factors from those reported at April 30, 2010 in our Annual Report on Form 10-K.

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

A summary of our purchases of H&R Block common stock during the first quarter of fiscal year 2011 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
May 1 – May 31	2	$ 18.32	-	$ 1,651,619
June 1 – June 30	79	$ 16.39	-	$ 1,651,619
July 1 – July 31	15,633	$ 15.21	15,500	$ 1,416,177

(1) We purchased 214,233 shares 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 2008, our Board of Directors rescinded previous authorizations to repurchase shares of our common stock, and approved an authorization to purchase up to $2.0 billion of our common stock through June 2012.

ITEM 6. EXHIBITS

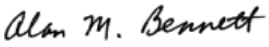
10.1 H&R Block, Inc. 2003 Long-Term Executive Compensation Plan (amended and restated effective July 27, 2010).*
10.2 H&R Block, Inc. Executive Severance Plan (amended and restated effective July 27, 2010).*
10.3 H&R Block, Inc. Severance Plan (amended and restated effective July 27, 2010).*
10.4 H&R Block, Inc. Deferred Compensation Plan for Executives (amended and restated effective July 27, 2010).*
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.

* 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.



Alan M. Bennett
President and Chief Executive Officer
September 3, 2010

Jeffrey T. Brown
Vice President, Interim Chief Financial Officer and Corporate Controller
September 3, 2010

Exhibit 10.1

H&R BLOCK, INC.

2003 LONG-TERM EXECUTIVE COMPENSATION PLAN

(Amended and Restated effective July 27, 2010)

1. **Purposes.** The purposes of this 2003 Long-Term Executive Compensation Plan are to provide incentives and rewards to those employees and persons largely responsible for the success and growth of H&R Block, Inc. and its subsidiary corporations, and to assist all such corporations in attracting and retaining executives and other key employees and persons with experience and ability.

2. **Definitions.**

(a) ***Award*** means one or more of the following: shares of Common Stock, Restricted Shares, Stock Options, Incentive Stock Options, Stock Appreciation Rights, Performance Shares, Performance Units and any other rights which may be granted to a Recipient under the Plan.

(b) ***Committee*** means the Compensation Committee described in Section 3.

(c) ***Common Stock*** means the Common Stock, without par value, of the Company.

(d) ***Company*** means H&R Block, Inc., a Missouri corporation, and, unless the context otherwise requires, includes its "subsidiary corporations" (as defined in Section 424(f) of the Internal Revenue Code) and their respective divisions, departments and subsidiaries and the respective divisions, departments and subsidiaries of such subsidiaries.

(e) ***Incentive Stock Option*** means a Stock Option which meets all of the requirements of an "incentive stock option" as defined in Section 422(b) of the Internal Revenue Code.

(f) ***Internal Revenue Code*** means the Internal Revenue Code of 1986, as now in effect or hereafter amended.

(g) ***Performance Period*** means that period of time specified by the Committee during which a Recipient must satisfy any designated performance goals in order to receive an Award.

(h) ***Performance Share*** means the right to receive, upon satisfying designated performance goals within a Performance Period, shares of Common Stock, cash, or a combination of cash and shares of Common Stock, based on the market value of shares of Common Stock covered by such Performance Shares at the close of the Performance Period.

(i) ***Performance Unit*** means the right to receive, upon satisfying designated performance goals within a Performance Period, shares of Common Stock, cash, or a combination of cash and shares of Common Stock.

(j) ***Plan*** means this 2003 Long-Term Executive Compensation Plan, as the same may be amended from time to time

(k) ***Recipient*** means an employee of the Company or other person who has been granted an Award under the Plan.

(l) ***Restricted Share*** means a share of Common Stock issued to a Recipient hereunder subject to such terms and conditions, including, without limitation, forfeiture or resale to the Company, and to such restrictions against sale, transfer or other disposition, as the Committee may determine at the time of issuance.

(m) ***Stock Appreciation*** Right means the right to receive, upon exercise of a stock appreciation right granted under this Plan, shares of Common Stock, cash, or a combination of cash and shares of Common Stock, based on the increase in the market value of the shares of Common Stock covered by such stock appreciation right from the initial day of the Performance Period for such stock appreciation right to the date of exercise.

(n) ***Stock Option*** means the right to purchase, upon exercise of a stock option granted under this Plan, shares of the Company's Common Stock.

3. **Administration of the Plan.** The Plan shall be administered by the Committee which shall consist of directors of the Company, to be appointed by and to serve at the pleasure of the Board of Directors of the Company. A majority of the Committee members shall constitute a quorum and the acts of a majority of the members present at any meeting at which a quorum is present, or acts approved in writing by a majority of the Committee, shall be valid acts of the Committee, however designated, or the Board of Directors of the Company if the Board has not appointed a Committee.

The Committee shall have full power and authority to construe, interpret and administer the Plan and, subject to the powers herein specifically reserved to the Board of Directors and subject to the other provisions of this Plan, to make determinations which shall be final, conclusive and binding upon all persons including, without limitation, the Company, the shareholders of the Company, the Board of Directors, the Recipients and any persons having any interest in any Awards which may be granted under the Plan. The Committee shall impose such additional conditions upon the grant and exercise of Awards under this Plan as may from time to time be deemed necessary or advisable, in the opinion of counsel to the Company, to comply with applicable laws and regulations. The Committee from time to time may adopt rules and regulations for carrying out the Plan and written policies for implementation of the Plan. Such policies may include, but need not be limited to, the type, size and terms of Awards to be made to Recipients and the conditions for payment of such Awards.

4. **Absolute Discretion.** The Committee may, in its sole and absolute discretion (subject to the Committee's power to delegate certain authority in accordance with the second

paragraph of this Section 4), at any time and from time to time during the continuance of the Plan, (i) determine which Recipients shall be granted Awards under the Plan, (ii) grant to any Recipient so selected such an Award, (iii) determine the type, size and terms of Awards to be granted (subject to Sections 6, 10 and 11 hereof), (iv) establish objectives and conditions for receipt of Awards, (v) place conditions or restrictions on the payment or exercise of Awards, and (vi) do all other things necessary and proper to carry out the intentions of this Plan; provided, however, that, in each and every case, those Awards which are Incentive Stock Options shall contain and be subject to those requirements specified in Section 422 of the Internal Revenue Code and shall be granted only to those persons eligible thereunder to receive the same.

The Committee may at any time and from time to time delegate to the Chief Executive Officer of the Company authority to take any or all of the actions that may be taken by the Committee as specified in this Section 4 or in other sections of the Plan in connection with the determination of Recipients, types, sizes, terms and conditions of Awards under the Plan and the grant of any such Awards, provided that any authority so delegated (a) shall apply only to Awards to employees of the Company that are not officers of Company under Regulation Section 240.16a-1(f) promulgated pursuant to Section 16 of the Securities Exchange Act of 1934, and (b) shall be exercised only in accordance with the Plan and such rules, regulations, guidelines, and limitations as the Committee shall prescribe.

5. **Eligibility.** Awards may be granted to any employee of the Company or to the non- executive Chairman of the Board of the Company. No member of the Committee (other than any ex officio member or the non-executive Chairman of the Board of the Company) shall be eligible for grants of Awards under the Plan. A Recipient may be granted multiple forms of Awards under the Plan. Incentive Stock Options may be granted under the Plan to a Recipient during any calendar year only if the aggregate fair market value (determined as of the date the Incentive Stock Option is granted) of Common Stock with respect to which Incentive Stock Options are exercisable for the first time by such Recipient during any calendar year under the Plan and any other "incentive stock option plans" (as defined in the Internal Revenue Code) maintained by the Company does not exceed the sum of $100,000.

6. **Stock Subject to the Plan.** The total number of shares of Common Stock issuable under this Plan may not at any time exceed 14,000,000 shares, subject to adjustment as provided herein. All of such shares may be issued or issuable in connection with the exercise of Incentive Stock Options. Shares of Common Stock not actually issued pursuant to an Award shall be available for future Awards. Shares of common Stock to be delivered or purchased under the Plan may be either authorized but unissued Common Stock or treasury shares. The total number of shares of Common Stock that may be subject to one or more Awards granted to any one Recipient during a calendar year may not exceed 1,000,000, subject to adjustment as provided in Section 16 of the Plan.

7. Awards.

(a) Awards under the Plan may include, but need not be limited to, shares of Common Stock, Restricted Shares, Stock Options, Incentive Stock Options, Stock Appreciation Rights, Performance Shares and Performance Units. The amount of each Award may be based upon the market value of a share of Common Stock. The

Committee may make any other type of Award which it shall determine is consistent with the objectives and limitations of the Plan.

(b) The Committee may establish performance goals to be achieved within such Performance Periods as may be selected by it using such measures of the performance of the Company as it may select as a condition to the receipt of any Award.

8. **Vesting Requirements.** The Committee may determine that all or a portion of an Award or a payment to a Recipient pursuant to an Award, in any form whatsoever, shall be vested at such times and upon such terms as may be selected by it.

9. **Deferred Payments and Dividend and Interest Equivalents.**

(a) The Committee may determine that the receipt of all or a portion of an Award or a payment to a Recipient pursuant to an Award, in any form whatsoever, shall be deferred. Deferrals shall be for such periods and upon such terms as the Committee may determine.

(b) Unless the Committee provides otherwise in an Award agreement, dividends and dividend equivalents will not be paid with respect to any Award, except for dividends with respect to which the dividend record date is on or after the date of issuance of unrestricted vested shares of Common Stock with respect to such Award. The Committee may provide, in its sole and absolute discretion, that a Recipient to whom an Award is payable in whole or in part at a future time in shares of Common Stock shall be entitled to receive an amount per share equal in value to the cash dividends paid per share on issued and outstanding shares as of the dividend record dates occurring during the period from the date of the Award to the date of delivery of such share to the Recipient. The Committee may also authorize, in its sole and absolute discretion, payment of an amount which a Recipient would have received in interest on (i) any Award payable at a future time in cash during the period from the date of the Award to the date of payment, and (ii) any cash dividends paid on issued and outstanding shares as of the dividend record dates occurring during the period from the date of an Award to the date of delivery of shares pursuant to the Award. Any amounts provided under this subsection shall be payable in such manner, at such time or times, and subject to such terms and conditions as the Committee may determine in its sole and absolute discretion.

10. **Stock Option Price.** The purchase price per share of Common Stock under each Stock Option shall be determined by the Committee, but shall not be less than market value (as determined by the Committee) of one share of Common Stock on the date the Stock Option or Incentive Stock Option is granted. Payment for exercise of any Stock Option granted hereunder shall be made (a) in cash, or (b) by delivery of Common Stock having a market value equal to the aggregate option price, or (c) by a combination of payment of cash and delivery of Common Stock in amounts such that the amount of cash plus the market value of the Common Stock equals the aggregate option price.

11. **Stock Appreciation Right Value.** The base value per share of Common Stock covered by an Award in the form of a Stock Appreciation Right shall be the market value of one share of Common Stock on the date the Award is granted.

12. **Continuation of Employment.** The Committee shall require that a Recipient be an employee or director of the Company at the time an Award is paid or exercised. The Committee may provide for the termination of an outstanding Award if a Recipient ceases to be an employee or director of the Company and may establish such other provisions with respect to the termination or disposition of an Award on the death or retirement of a Recipient (or not being re-elected to the Board of Directors) as it, in its sole discretion, deems advisable. The Committee shall have the sole power to determine the date of any circumstances which shall constitute a cessation of employment or term as a director and to determine whether such cessation is the result of retirement, death or any other reason.

13. **Registration of Stock.** Each Award shall be subject to the requirement that if at any time the Committee shall determine that qualification or registration under any state or federal law of the shares of Common Stock, Restricted Shares, Stock Options, Incentive Stock Options, or other securities thereby covered or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of or in connection with the granting of such Award or the purchase of shares thereunder, the Award may not be paid or exercised in whole or in part unless and until such qualification, registration, consent or approval shall have been effected or obtained free of any conditions the Committee, in its discretion, deems unacceptable.

14. **Employment Status.** No Award shall be construed as imposing upon the company the obligation to continue the employment or term of a Recipient. No employee or other person shall have any claim or right to be granted an Award under the Plan.

15. **Assignability.** No Award granted pursuant to the Plan shall be transferable or assignable by the Recipient other than by will or the laws of descent and distribution and during the lifetime of the Recipient shall be exercisable or payable only by or to him or her; provided, however, that a Recipient who was granted an Award in consideration for serving as the Company's non-executive Chairman of the Board may transfer or assign an Award to an entity that is or was a shareholder of the Company at any time during which the Recipient served as the Company's non-executive Chairman of the Board (a "Shareholder Entity") if (i) the Recipient is affiliated with the manager of the investments made by such Shareholder Entity or otherwise serves on the Company's Board of Directors at the Shareholder Entity's direction or request, and (ii) pursuant to the Shareholder Entity's governance documents or any regulatory, contractual or other requirement, any consideration the Recipient may receive as compensation for serving as a director of the Company must be transferred, assigned, surrendered or otherwise paid to the Shareholder Entity.

16. **Dilution or Other Adjustments.** In the event of any changes in the capital structure of the Company, including but not limited to a change resulting from a stock dividend or split-up, or combination or reclassification of shares, the Board of Directors shall make such equitable adjustments with respect to Awards or any provisions of this Plan as it deems necessary and appropriate, including, if necessary, any adjustment in the maximum number of

shares of Common Stock subject to the Plan, the maximum number of shares that may be subject to one or more Awards granted to any one Recipient during a calendar year, or the number of shares of Common Stock subject to an outstanding Award.

17. **Merger, Consolidation, Reorganization, Liquidation, Etc.** If the Company shall become a party to any corporate merger, consolidation, major acquisition of property for stock, reorganization, or liquidation, the Board of Directors shall make such arrangements it deems advisable with respect to outstanding Awards, which shall be binding upon the Recipients of outstanding Awards, including, but not limited to, the substitution of new Awards for any Awards then outstanding, the assumption of any such Awards and the termination of or payment for such Awards.

18. **Withholding Taxes.** The Company shall have the right to deduct from all Awards hereunder paid in cash any federal, state, local or foreign taxes required by law to be withheld with respect to such Awards and, with respect to Awards paid in other than cash, to require the payment (through withholding from the Recipient's salary or otherwise) of any such taxes. Subject to such conditions as the Committee may establish, Awards payable in shares of Common Stock, or in the form of an Incentive Stock Option or Stock Option, may provide that the Recipients thereof may elect, in accordance with any applicable regulations, to satisfy all or any part of the tax required to be withheld by the Company in connection with such Award, or the exercise of such Incentive Stock Option or Stock Option, by electing to have the Company withhold a number of shares of Common Stock awarded, or purchased pursuant to such exercise, having a fair market value on the date the tax withholding is required to be made equal to or less than the amount required to be withheld.

19. **Costs and Expenses.** The cost and expenses of administering the Plan shall be borne by the Company and not charged to any Award or to any Recipient.

20. **Funding of Plan.** The Plan shall be unfunded. The Company shall not be required to establish any special or separate fund or to make any other segregation of assets to assure the payment of any Award under the Plan.

21. **Award Contracts.** The Committee shall have the power to specify the form of Award contracts to be granted from time to time pursuant to and in accordance with the provisions of the Plan and such contracts shall be final, conclusive and binding upon the Company, the shareholders of the Company and the Recipients. No Recipient shall have or acquire any rights under the Plan except such as are evidenced by a duly executed contract in the form thus specified. No Recipient shall have any rights as a holder of Common Stock with respect to Awards hereunder unless and until certificates for shares of Common Stock or Restricted Shares are issued to the Recipient.

22. **Guidelines.** The Board of Directors of the Company shall have the power to provide guidelines for administration of the Plan by the Committee and to make any changes in such guidelines as from time to time the Board deems necessary.

23. **Amendment and Discontinuance.** The Board of Directors of the Company shall have the right at any time during the continuance of the Plan to amend, modify, supplement,

suspend or terminate the Plan, provided that in the absence of the approval of the holders of a majority of the shares of Common Stock of the Company present in person or by proxy at a duly constituted meeting of shareholders of the Company, no such amendment, modification or supplement shall (i) increase the aggregate number of shares which may be issued under the Plan, unless such increase is by reason of any change in capital structure referred to in Section 16 hereof, (ii) change the termination date of the Plan provided in Section 24, (iii) delete or amend the market value restrictions contained in Sections 10 and 11 hereof, (iv) materially modify the requirements as to eligibility for participation in the Plan, or (v) materially increase the benefits accruing to participants under the Plan, and provided further, that no amendment, modification or termination of the Plan shall in any manner affect any Award of any kind theretofore granted under the Plan without the consent of the Recipient of the Award, unless such amendment, modification or termination is by reason of any change in capital structure referred to in Section 16 hereof or unless the same is by reason of the matters referred to in Section 17 hereof.

24. **Termination.** The Committee may grant Awards at any time prior to July 1, 2013, on which date this Plan will terminate except as to Awards then outstanding hereunder, which Awards shall remain in effect until they have expired according to their terms or until July 1, 2023, whichever first occurs. No Incentive Stock Option shall be exercisable later than 10 years following the date it is granted.

25. **Approval.** This Plan shall take effect July 1, 2003, contingent upon prior approval by the shareholders of the Company.

H&R BLOCK, INC.
2003 LONG-TERM EXECUTIVE COMPENSATION PLAN
GRANT AGREEMENT

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

WHEREAS, the Company provides certain incentive awards to key employees of subsidiaries of the Company under the H&R Block, Inc. 2003 Long-Term Executive Compensation Plan (the "Plan");

WHEREAS, receipt of such Awards under the Plan are conditioned upon a Participant's execution of a Grant 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 of Directors;

WHEREAS, the Participant has been selected by the Compensation Committee or the Chief Executive Officer of the Company as a key employee of one of the subsidiaries of the Company and is eligible to receive Awards under the Plan.

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

IT IS AGREED AS FOLLOWS:

1. Definitions. Whenever a term is used in this Grant Agreement ("Agreement"), the following words and phrases shall have the meanings set forth below unless the context plainly requires a different meaning, and when a defined meaning is intended, the term is capitalized.

1.1 Amount of Gain Realized. The Amount of Gain Realized shall be equal to the number of shares of Common Stock purchased pursuant to such exercise multiplied by the difference between the FMV of one Share of the Company's Common Stock on the date of exercise and the Option Price.

1.2 Change of 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 the Company 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 the Company. 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 the Company, the acquisition of additional stock by the same person or persons shall not be considered to cause a change in the ownership 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 the Company acquires its stock in exchange for

property will be treated as an acquisition of stock for purposes of this Section 1.2(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 the Company possessing 35 percent or more of the total voting power of the stock of the Company. 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.

(c) A majority of members of the Company's Board of Directors (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 the Company 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 the Company immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, 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 1.2(d) when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to: (i) a shareholder of the Company (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 the Company; (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 the Company; 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.

For purposes of the foregoing, 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 Code.

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

1.4 Committee. Committee means the Compensation Committee of the Board of Directors for H&R Block, Inc.

1.5 Common Stock. Common Stock means the common stock, without par value, of the Company.

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

1.7 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. In the event the exchange is closed on the day on which Closing Price is to be determined or if there were no sales reported on such date, Closing Price shall be computed as of the last date preceding such date on which the exchange was open and a sale was reported.

1.8 Disability. Disability or disabled shall be as defined in the employment practices or policies of the applicable subsidiary of the Company in effect from time to time during the term hereof or, absent such definition, then as defined in the H&R Block Retirement Savings Plan or any successor plan thereto.

1.9 Early Retirement. Early Retirement means the Participant's voluntary termination of employment with the Company and each of its subsidiaries at or after the date the Participant has both reached age 55 but has not yet reached age 65, and completed at least ten (10) years of service with the company or its subsidiaries.

1.10 Fair Market Value. Fair Market Value ("FMV") means the Closing Price for one share of H&R Block, Inc. Stock.

1.11 Last Day of Employment. Last Day of Employment means the date the Participant ceases for whatever reason to be an employee and is not immediately thereafter and continuously employed as a regular active employee by any other direct or indirect subsidiary of the Company

1.12 Line of Business. Line of Business of the Company means any line of business of the subsidiary of the Company by which Participant was employed as of the Last Day of Employment, as well as any one or more lines of business of any other subsidiary of the Company by which Participant was employed during the two-year period preceding the Last Day of Employment, provided that, if Participant's employment was, as of the Last Day of Employment or during the two-year period immediately prior to the Last Day of Employment, with H&R Block Management, LLC or any successor entity thereto, "Line of Business of the Company" shall mean any lines of business of the Company and all of its subsidiaries.

1.13 Qualifying Termination. Qualifying Termination shall mean Participant's termination of employment which meets the definition of a "Qualifying Termination" under a severance plan sponsored by the Company or a subsidiary of the Company. In the

event that no formal severance plan exists for the Participant's subsidiary, the definition of "Qualifying Termination" contained in any applicable severance plan for the Company will govern.

1.14 Retirement. Retirement means the Participant's voluntary termination of employment with the Company and each of its subsidiaries, at or after attaining age 65.

1.15 Stock Option. Stock Option means the right to purchase, upon exercise of a stock option granted under the Plan, shares of the Company's Common Stock. A Stock Option may be an Incentive Stock Option which meets the requirements of Code Section 422(b) or a Nonqualified Stock Option. The right and option to purchase shares of Common Stock identified as subject to Nonqualified Stock Option shall not constitute and shall not be treated for any purpose as an "incentive stock option," as such term is defined in the Code.

2. Stock Option.

2.1 Grant of Stock Option. As of [Grant Date] (the "Grant Date"), the Company grants the Participant the right and option to purchase [Number of Shares Granted] shares of Common Stock (this "Stock Option") identified as [Grant Type].

2.2 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].

2.3 Vesting. This Stock Option shall vest 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 provided that the Participant remains continuously employed by the Company through such date:

Vesting Date	Percent of Shares Subject to this Stock Option Vesting on Such Vesting Date
First Anniversary of the Grant Date	25%
Second Anniversary of the Grant Date	25%
Third Anniversary of the Grant Date	25%
Fourth Anniversary of the Grant Date	25%

(Note: 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 shall be rounded down to the nearest whole number of shares for each vesting date, except that the amount vesting on the final vesting date shall be such that 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.)

2.4 Acceleration of Vesting. Notwithstanding Section 2.3, the Participant shall become vested in all or a portion of the Stock Options awarded under this Grant Agreement on the occurrence of any of the following events:

(a) Change of Control. In the event the Participant incurs a Qualifying Termination in the 24 months immediately following a Change of Control, as defined in Section 1.2, such Participant shall become 100% vested in all outstanding stock options granted under this Grant Agreement. The Participant may exercise such options until the earlier of: (i) ninety (90) days following the Participant's Last Day of Employment unless the Participant elects in writing to extend this time period through the severance period as defined by the applicable severance plan or (ii) the last day the stock options would have been exercisable if the Participant had not incurred a termination of employment. Receipt of this award may be conditioned on the execution of a separation agreement.

(b) Retirement. The Participant may purchase 100% of the total Stock Options granted under this Stock Option provided that the Participant retires more than one year after the Grant Date. Receipt of this award may be conditioned upon Participant's execution of a separation agreement.

(c) Qualifying Termination. The Participant experiences a Qualifying Termination, all or a portion of the then outstanding Stock Options granted under this Stock Option shall vest according to any applicable severance plan and Participant may purchase 100% of such vested Stock Options. Receipt of this award may be conditioned upon Participant's execution of a separation agreement.

(d) Employment Agreement. The Participant may purchase all or a portion of the total vested Stock Options granted under this Stock Option upon the occurrence of certain events specified in the Participant's employment agreement.

If application of this Section 2.4 results in the acceleration of vesting of all or any portion of the Stock Options, shares of Common Stock then subject to Stock Options shall be allocated such that the number of shares subject to Incentive Stock Option shall be the maximum number of shares that may be subject to Incentive Stock Option under Section 422 of the Code for the calendar year in which the acceleration of vesting results.

2.5 Term of Option. No Stock Option granted under this Grant Agreement may be exercised after [Expiration Date]. Except as provided in this Section 2.5 and Section 2.6, all Stock Options shall terminate when the Participant ceases, for whatever reason, to be an employee of any of the subsidiaries of the Company. In the event the Participant ceases to be an employee of any of the subsidiaries of the Company because of Retirement, Early Retirement or Disability, Participant may exercise any vested Stock Options up to twelve months after employment ceases. In the event the Participant experiences a Qualifying Termination, this Stock Option may be eligible for an extension of the exercise period pursuant to an applicable severance plan.

2.6 Participant's Death. In the event the Participant ceases to be an employee of any of the subsidiaries of the Company because of Death, the person or persons to whom the Participant's rights under the Stock Option shall pass by the Participant's will or laws of descent and distribution may exercise any vested Stock Options for a period up to twelve months after the date of death.

2.7 Exercise of Stock Option. The Stock Option granted under the Plan shall be exercisable from time to time by the Participant by giving notice of exercise to the Company, in the manner specified by the 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 the Stock Option).

2.8 Payment of the Option Price. Full payment of the Option Price for shares purchased shall be made at the time the Participant exercises the Stock Option. Payment of the aggregate Option Price may be made in (a) cash, (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 the Stock Option is exercised), or (c) a combination thereof. Payment shall be made only in cash unless at least six months have elapsed between the date of Participant's acquisition of each share of Common Stock delivered by Participant in full or partial payment of the aggregate Option Price and the date on which the Stock Option is exercised.

2.9 No Shareholder Privileges. Neither the 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 the Company with respect to any of the Common Stock issuable upon the exercise of this Stock Option, unless and until certificates evidencing such shares of Common Stock shall have been duly issued and delivered.

3. Covenants.

3.1 Consideration for Award under the Plan. Participant acknowledges that Participant's agreement to this Section 3 is a key consideration for any Award under the Plan. Participant hereby agrees to abide by the Covenants set forth in Sections 3.2, 3.3, and 3.4.

3.2 Covenant Against Competition. During the period of Participant's employment and for two (2) years after his/her Last Day of Employment, Participant acknowledges and agrees he/she will not engage in, or own or control any interest in, or act as an officer, director or employee of, or consultant, advisor or lender to, any entity that engages in any business that is competitive with the primary business activities of the Company's Tax Services business which are tax preparation, accounting, and small business services.

3.3 Covenant Against Hiring. Participant acknowledges and agrees the he/she will not directly or indirectly recruit, solicit, or hire any Company employee or otherwise induce any such employee to leave the Company's employment during the period of Participant's employment and for one (1) year after his/her Last Day of Employment.

3.4 Covenant Against Solicitation. During the period of Participant's employment and for two (2) years after his/her Last Day of Employment, Participant acknowledges and agrees that he/she will not directly or indirectly solicit or enter into any business transaction of the nature performed by the Company with any Company client for which Participant personally performed services or acquired material information.

3.5 Forfeiture of Rights. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 3, Participant shall forfeit all rights to payments or benefits under the Plan. All Stock Options outstanding on such date shall terminate.

3.6 Remedies. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 3, whether prior to, 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 the Participant on all Stock Options exercised after a date commencing one year prior to Participant's Last Day of Employment. The Participant shall pay Company within three (3) business days after the date of any written demand by the Company to the Participant.

3.7 Remedies payable in Company's Common Stock or Cash. The Participant shall pay the amounts described in Section 3.6 in the Company's Common Stock or cash.

3.8 Remedies without Prejudice. The remedies provided in this Section 3 shall be without prejudice to the rights of the Company and/or the rights of any one or more of its subsidiaries to recover any losses resulting from the applicable conduct of the Participant and shall be in addition to any other remedies the Company and/or any one or more subsidiaries may have, at law or in equity, resulting from such conduct.

3.9 Survival. Participant's obligations in this Section 3 shall survive and continue beyond settlement of all Awards under the Plan and any termination or expiration of this Agreement for any reason.

4. Non-Transferability of Awards. Any Stock Option (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 any Stock Option, 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 such Award and the rights and privileges hereby granted shall immediately become null and void.

5. Miscellaneous.

5.1 No Employment Contract. This Agreement does not confer on the Participant any right to continued employment for any period of time, is not an employment contract, and shall not in any manner modify any effective contract of employment between the Participant and any subsidiary of the Company.

5.2 Clawback for Negligence or Misconduct. If the Committee determines that the Participant has engaged in negligence or intentional misconduct that results in a significant restatement of the Company's financial results and a resulting overpayment in compensation or Awards under this Plan, the Committee may seek reimbursement of any portion of the Amount of Gain Realized from such Awards where such Awards were greater than the Awards would have been if calculated on the restated financial results.

5.3 Adjustment of Shares. If there shall be any change in the capital structure of the Company, including but not limited to a change in the number or kind of the outstanding shares of the Common Stock resulting from a stock dividend or split-up, or combination or reclassification of such shares (or of any stock or other securities into which shares shall have been changed, or for which they shall have been exchanged), then the Board of Directors of the Company shall make such equitable adjustments with respect to the Stock Option, or any other provisions of the Plan, as it deems necessary or appropriate to prevent dilution or enlargement of the Stock Option rights hereunder or of the shares subject to this Stock Option.

5.4 Merger, Consolidation, Reorganization, Liquidation, etc. If the Company shall become a party to any corporate merger, consolidation, major acquisition of property for stock, reorganization, or liquidation, the Board of Directors shall, acting in its absolute and sole discretion, make such arrangements, which shall be binding upon the Participant of outstanding Awards, including but not limited to, the substitution of new Awards or for any Awards then outstanding, the assumption of any such Awards and the termination of or payment for such Awards.

5.5 Interpretation and Regulations. The Board of Directors of the Company shall have the power to provide regulations for administration of the Plan by the Committee and to make any changes in such guidelines as from time to time the Board may deem necessary. The Committee shall have the sole power to determine, solely for purposes of the Plan and this Agreement, the date of and circumstances which shall constitute a cessation or termination of employment and whether such cessation or termination is the result of retirement, death, disability or termination without cause or any other reason, and further to determine, solely for purposes of the Plan and this Agreement, what constitutes continuous employment with respect to the exercise of Stock Option or delivery of Shares under the Plan (except that leaves of absence approved by the Committee or transfers of employment among the subsidiaries of the Company shall not be considered an interruption of continuous employment for any purpose under the Plan).

5.6 Reservation of Rights. If at any time counsel for the Company determines that qualification of the Shares under any state or federal securities law, or the consent or

approval of any governmental regulatory authority, is necessary or desirable as a condition of the executing an Award or 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 such counsel deems unacceptable.

5.7 Reasonableness of Restrictions, Severability and Court Modification. Participant and the Company agree that, the restrictions contained in this Agreement are reasonable, but, should any provision of this 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 Agreement will not be affected thereby, and the provision found invalid, illegal, or otherwise unenforceable or unreasonable will be considered by the 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.

5.8 Withholding of Taxes. To the extent that the Company is required to withhold taxes in compliance with any federal, state, local or foreign law in connection with any payment made or benefit realized by a Participant or other person under this Plan, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for the payment of all such taxes required to be withheld. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit. In the event the Participant has not made arrangements, the Company shall withhold the amount of such tax obligations from such dividend payment or instruct the Participant's employer to withhold such amount from the Participant's next payment(s) of wages. The Participant authorizes the Company to so instruct the Participant's employer and authorizes the Participant's employer to make such withholdings from payment(s) of wages.

5.9 Waiver. The failure of the Company to enforce at any time any terms, covenants or conditions of this 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 Agreement shall only be effective if reduced to writing and signed by both Participant and an officer of the Company.

5.10 Incorporation. The terms and conditions of this Grant Agreement are authorized by the Compensation Committee of the Board of Directors of H&R Block, Inc. The terms and conditions of this Grant Agreement are deemed to be incorporated into and form a part of every Award under the H&R Block, Inc. 1993 Long-Term Executive Compensation Plan and H&R Block, Inc. 2003 Long-Term Executive Compensation Plan unless the Award Certificate relating to a specific grant or award provides otherwise. If the Participant has previously executed a Grant Agreement, such Grant Agreement shall only cover those Awards subject to such specific Grant Agreement.

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

Incentive Department) at One H&R Block Way, Kansas City Missouri 64105 or at such other address as the Company may hereafter designate in writing to the Participant. Any notice to be given to the Participant shall be addressed to the Participant at the last address of record with the Company or at such other address as the Participant may hereafter designate in writing to the 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.

5.12 Choice of Law. This Grant 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.

5.13 Choice of Forum and Jurisdiction. Participant and Company agree that any proceedings to enforce the obligations and rights under this Grant Agreement must be brought in 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, Inc.

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

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

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

5.17 Amendment. No amendment, supplement, or waiver to this Agreement is valid or binding unless in writing and signed by both parties.

5.18 Execution of Agreement. This Agreement shall not be enforceable by either party, and Participant shall have no rights with respect to the Long Term Incentive Award, unless and until it has been (1) signed by Participant and on behalf of the Company by an officer of the Company, provided that the signature by such officer of the Company on behalf of the Company may be a facsimile or stamped signature, and (2) returned to the Company.

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 Grant Agreement.

Associate Name: [Participant Name]

Date Signed: [Acceptance Date]
H&R BLOCK, INC.
By:

President and Chief Executive Officer

H&R BLOCK, INC.
2003 LONG-TERM EXECUTIVE COMPENSATION PLAN
GRANT AGREEMENT

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

WHEREAS, the Company provides certain incentive awards to key employees of subsidiaries of the Company under the H&R Block, Inc. 2003 Long-Term Executive Compensation Plan (the "Plan");

WHEREAS, receipt of such Awards under the Plan are conditioned upon a Participant's execution of a Grant 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 of Directors;

WHEREAS, the Participant has been selected by the Compensation Committee or the Chief Executive Officer of the Company as a key employee of one of the subsidiaries of the Company and is eligible to receive Awards under the Plan.

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

IT IS AGREED AS FOLLOWS:

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

1.1 Amount of Gain Realized. The Amount of Gain Realized shall be equal to the number of Shares delivered to the Participant multiplied by the Fair Market Value (FMV) of one Share of the Company's Common Stock on the date the Shares were no longer considered to be held by the Company.

1.2 Change of 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 the Company 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 the Company. 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 the Company, the acquisition of additional stock by the same person or persons shall not be considered to cause a change in the ownership 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 the Company acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section 1.2(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 the Company possessing 35 percent or more of the total voting power of the stock of the Company. 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.

(c) A majority of members of the Company's Board of Directors (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 the Company 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 the Company immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of the Company, 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 1.2(d) when there is a transfer to an entity that is controlled by the shareholders of the Company immediately after the transfer. A transfer of assets by the Company is not treated as a change in the ownership of such assets if the assets are transferred to: (i) a shareholder of the Company (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 the Company; (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 the Company; 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.

For purposes of the foregoing, 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 Code.

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

1.4 Committee. Committee means the Compensation Committee of the Board of Directors for H&R Block, Inc.

1.5 Common Stock. Common Stock means the common stock, without par value, of the Company.

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

1.7 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. In the event the exchange is closed on the day on which Closing Price is to be determined or if there were no sales reported on such date, Closing Price shall be computed as of the last date preceding such date on which the exchange was open and a sale was reported.

1.8 Disability. Disability or disabled shall be as defined in the employment practices or policies of the applicable subsidiary of the Company in effect from time to time during the term hereof or, absent such definition, then as defined in the H&R Block Retirement Savings Plan or any successor plan thereto.

1.9 Fair Market Value. Fair Market Value ("FMV") means the Closing Price for one share of H&R Block, Inc. Stock.

1.10 Last Day of Employment. Last Day of Employment means the date the Participant ceases for whatever reason to be an employee and is not immediately thereafter and continuously employed as a regular active employee by any other direct or indirect subsidiary of the Company

1.11 Line of Business. Line of Business of the Company means any line of business of the subsidiary of the Company by which Participant was employed as of the Last Day of Employment, as well as any one or more lines of business of any other subsidiary of the Company by which Participant was employed during the two-year period preceding the Last Day of Employment, provided that, if Participant's employment was, as of the Last Day of Employment or during the two-year period immediately prior to the Last Day of Employment, with H&R Block Management, LLC or any successor entity thereto, "Line of Business of the Company" shall mean any lines of business of the Company and all of its subsidiaries.

1.12 Qualifying Termination. Qualifying Termination shall mean Participant's termination of employment which meets the definition of a "Qualifying Termination"

under a severance plan sponsored by the Company or a subsidiary of the Company. In the event that no formal severance plan exists for the Participant's subsidiary, the definition of "Qualifying Termination" contained in any applicable severance plan for the Company will govern.

1.13 Restricted Shares. Restricted Share ("Shares") means a share of Common Stock issued to a Participant under the Plan subject to such terms and conditions, including without limitation, forfeiture or resale to the Company, and to such restrictions against sale, transfer or other disposition, as the Committee may determine at the time of issuance.

1.14 Retirement. Retirement means the Participant's voluntary termination of employment with the Company and each of its subsidiaries, at or after attaining age 65.

2. Restricted Shares.

2.1 Issuance of Shares. As of [Grant Date] (the "Award Date"), the Company shall issue [Number of Shares Granted] [Grant Type] (the "Shares") evidenced by this Grant Agreement to the Participant which shall be held by the Company and subject to the substantial risk of forfeiture.

2.2 Substantial Risk of Forfeiture. Each grant of an Award shall provide that the Shares covered thereby shall be subject to a "substantial risk of forfeiture" within the meaning of Code Section 83 for a period time as designated by Section 2.7, and any such Award may provide for the earlier termination of such risk of forfeiture in the event of change of control of the Company or other similar transaction or event.

2.3 Restrictions on Transfer. During for period the Shares are subject to substantial risk of forfeiture, the Shares shall be held by the Company, or its transfer agent or other designee and shall be subject to restrictions on transfer.

2.4 [RESERVED]

2.5 Requirement of Employment. The Participant must remain in continuous employment of the Company during the period any Shares are subject to substantial risk of forfeiture. Absent an agreement to the contrary, if Participant's employment with the Company should terminate for any reason, other than Retirement, all Shares then held by the Company or its transfer agent or other designee, if any, shall be forfeited by the Participant and Participant authorizes the Company and its stock transfer agent to cause delivery, transfer and conveyance of the Shares to the Company.

2.6 Delivery of Shares. Any Shares to be delivered to the Participant by the Company in accordance with the following Schedule:

Vesting Date	Percent of Shares Subject to Vesting on Such Vesting Date
First Anniversary of the Award Date	25%
Second Anniversary of the Award Date	25%
Third Anniversary of the Award Date	25%
Fourth Anniversary of the Award Date	25%

Upon the vesting date, Shares shall be transferred directly into a brokerage account established for the Participant at a financial institution the Committee shall select at its sole discretion (the "Financial Institution") or delivered in certificate form free of restrictions, such method to be selected by the Committee in its sole discretion. The Participant agrees to complete any documentation with the Company or the financial institution that is necessary to affect the transfer of Shares to the financial institution before the delivery will occur.

2.7 Acceleration of Vesting. Notwithstanding Section 2.6, the Participant shall become vested in all or a portion of the Shares awarded under this Grant Agreement on the occurrence of any of the following events:

(a) Change of Control. In the event the Participant incurs a Qualifying Termination in the 24 months immediately following a Change of Control, as defined in Section 1.2, such Participant shall become 100% vested in all outstanding Shares granted under this Grant Agreement. Receipt of this award may be conditioned upon Participant's execution of a separation agreement.

(b) Qualifying Termination. The Participant experiences a Qualifying Termination, all or a portion of the then outstanding Shares granted under this Grant Agreement shall vest according to the terms of the applicable severance plan. Receipt of this award may be conditioned upon Participant's execution of a separation agreement.

(c) Retirement. If a Participant retires from employment with any subsidiary of the Company at least one year after the anniversary of the Grant Date, all Shares issued on such Grant Date shall no longer be considered to be held by the Company. Receipt of this retirement award may be conditioned upon Participant's execution of a separation agreement.

3. Covenants.

3.1 Consideration for Award under the Plan Participant acknowledges that Participant's agreement to this Section 3 is a key consideration for any Award under the Plan. Participant hereby agrees to abide by the Covenants set forth in Sections 3.2, 3.3, and 3.4.

3.2 Covenant Against Competition. During the period of Participant's employment and for two (2) years after his/her Last Day of Employment, Participant acknowledges and agrees he/she will not engage in, or own or control any interest in, or act as an officer, director or employee of, or consultant, advisor or lender to, any entity that engages in any business that is competitive with the primary business activities of the Company's Tax Services business which are tax preparation, accounting, and small business services.

3.3 Covenant Against Hiring. Participant acknowledges and agrees the he/she will not directly or indirectly recruit, solicit, or hire any Company employee or otherwise induce any such employee to leave the Company's employment during the period of Participant's employment and for one (1) year after his/her Last Day of Employment.

3.4 Covenant Against Solicitation. During the period of Participant's employment and for two (2) years after his/her Last Day of Employment, Participant acknowledges and agrees that he/she will not directly or indirectly solicit or enter into any business transaction of the nature performed by the Company with any Company client for which Participant personally performed services or acquired material information.

3.5 Forfeiture of Rights. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 3, Participant shall forfeit all rights to payments or benefits under the Plan. All Shares held by the Company and subject to forfeiture on such date shall terminate.

3.6 Remedies. Notwithstanding anything herein to the contrary, if Participant violates any provisions of this Section 3, whether prior to, 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 the Participant on all Shares received after a date commencing one year prior to Participant's Last Day of Employment. The Participant shall pay Company within three (3) business days after the date of any written demand by the Company to the Participant.

3.7 Remedies payable in Company's Common Stock or Cash. The Participant shall pay the amounts described in Section 3.6 in the Company's Common Stock or cash.

3.8 Remedies without Prejudice. The remedies provided in this Section 3 shall be without prejudice to the rights of the Company and/or the rights of any one or more of its subsidiaries to recover any losses resulting from the applicable conduct of the Participant and shall be in addition to any other remedies the Company and/or any one or more subsidiaries may have, at law or in equity, resulting from such conduct.

3.9 Survival. Participant's obligations in this Section 3 shall survive and continue beyond settlement of all Awards under the Plan and any termination or expiration of this Agreement for any reason.

4. Transfer Restrictions.

4.1 Transfer Restrictions on Shares. During the period that Shares are held by the Company hereunder for delivery to the Participant, such Shares and the rights and privileges conferred hereby 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, contrary to the terms hereof, to transfer, assign, pledge, hypothecate, or otherwise so dispose of such Shares or any right or privilege conferred hereby, or upon any attempted sale under any execution, attachment, or similar process upon such Shares or the rights and privileges hereby granted, then and in any such event this Agreement and the rights and privileges hereby granted shall immediately terminate. Immediately after such termination, such Shares shall be forfeited by the Participant and the Participant hereby authorizes the Company and its stock transfer agent to cause the delivery, transfer and conveyance of such Shares to the Company.

4.2 Non-Transferability of Awards Generally. Any 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 any 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 such Award and the rights and privileges hereby granted shall immediately become null and void.

5. Miscellaneous.

5.1 No Employment Contract. This Agreement does not confer on the Participant any right to continued employment for any period of time, is not an employment contract, and shall not in any manner modify any effective contract of employment between the Participant and any subsidiary of the Company.

5.2 Clawback for Negligence or Misconduct. If the Committee determines that the Participant has engaged in negligence or intentional misconduct that results in a significant restatement of the Company's financial results and a resulting overpayment in compensation or Awards under this Plan, the Committee may seek reimbursement of any portion of the Amount of Gain Realized from such Awards where such Awards were greater than the Awards would have been if calculated on the restated financial results.

5.3 Adjustment of Shares. If there shall be any change in the capital structure of the Company, including but not limited to a change in the number or kind of the outstanding shares of the Common Stock resulting from a stock dividend or split-up, or combination

or reclassification of such shares (or of any stock or other securities into which shares shall have been changed, or for which they shall have been exchanged), then the Board of Directors of the Company shall make such equitable adjustments with respect to the Shares, or any other provisions of the Plan, as it deems necessary or appropriate to prevent dilution or enlargement of the Stock Option rights hereunder or of the shares subject to this Grant Agreement.

5.4 Merger, Consolidation, Reorganization, Liquidation, etc. If the Company shall become a party to any corporate merger, consolidation, major acquisition of property for stock, reorganization, or liquidation, the Board of Directors shall, acting in its absolute and sole discretion, make such arrangements, which shall be binding upon the Participant of outstanding Awards, including but not limited to, the substitution of new Awards or for any Awards then outstanding, the assumption of any such Awards and the termination of or payment for such Awards.

5.5 Interpretation and Regulations. The Board of Directors of the Company shall have the power to provide regulations for administration of the Plan by the Committee and to make any changes in such guidelines as from time to time the Board may deem necessary. The Committee shall have the sole power to determine, solely for purposes of the Plan and this Agreement, the date of and circumstances which shall constitute a cessation or termination of employment and whether such cessation or termination is the result of retirement, death, disability or termination without cause or any other reason, and further to determine, solely for purposes of the Plan and this Agreement, what constitutes continuous employment with respect to the delivery of Shares under the Grant Agreement (except that leaves of absence approved by the Committee or transfers of employment among the subsidiaries of the Company shall not be considered an interruption of continuous employment for any purpose under the Plan).

5.6 Reservation of Rights. If at any time counsel for the Company determines that qualification of the Shares under any state or federal securities law, or the consent or approval of any governmental regulatory authority, is necessary or desirable as a condition of the executing an Award or 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 such counsel deems unacceptable.

5.7 Reasonableness of Restrictions, Severability and Court Modification. Participant and the Company agree that, the restrictions contained in this Agreement are reasonable, but, should any provision of this 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 Agreement will not be affected thereby, and the provision found invalid, illegal, or otherwise unenforceable or unreasonable will be considered by the 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.

5.8 Withholding of Taxes. To the extent that the Company is required to withhold taxes in compliance with any federal, state, local or foreign law in connection with any payment made or benefit realized by a Participant or other person under this Plan, it shall be a condition to the receipt of such payment or the realization of such benefit that the Participant or such other person make arrangements satisfactory to the Company for the payment of all such taxes required to be withheld. At the discretion of the Committee, such arrangements may include relinquishment of a portion of such benefit. In the event the Participant has not made arrangements, the Company shall withhold the amount of such tax obligations from such dividend payment or instruct the Participant's employer to withhold such amount from the Participant's next payment(s) of wages. The Participant authorizes the Company to so instruct the Participant's employer and authorizes the Participant's employer to make such withholdings from payment(s) of wages.

5.9 Waiver. The failure of the Company to enforce at any time any terms, covenants or conditions of this 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 Agreement shall only be effective if reduced to writing and signed by both Participant and an officer of the Company.

5.10 Notices. Any notice to be given to the Company or election to be made under the terms of this Agreement shall be addressed to the Company (Attention: Long-Term Incentive Department) at One H&R Block Way, Kansas City Missouri 64105 or at such other address as the Company may hereafter designate in writing to the Participant. Any notice to be given to the Participant shall be addressed to the Participant at the last address of record with the Company or at such other address as the Participant may hereafter designate in writing to the 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.

5.11 Choice of Law. This Grant 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.

5.12 Choice of Forum and Jurisdiction. Participant and Company agree that any proceedings to enforce the obligations and rights under this Grant Agreement must be brought in 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, Inc.

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

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

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

5.16 Amendment. No amendment, supplement, or waiver to this Agreement is valid or binding unless in writing and signed by both parties.

5.17 Execution of Agreement. This Agreement shall not be enforceable by either party, and Participant shall have no rights with respect to the Long Term Incentive Award, unless and until it has been (1) signed by Participant and on behalf of the Company by an officer of the Company, provided that the signature by such officer of the Company on behalf of the Company may be a facsimile or stamped signature, and (2) returned to the Company.

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 Grant Agreement.

Associate Name: [Participant Name]

Date Signed: [Acceptance Date]
H&R BLOCK, INC.
By:

President and Chief Executive Officer

Exhibit 10.2

H&R BLOCK, INC. EXECUTIVE SEVERANCE PLAN

(Amended and Restated effective July 27, 2010)

This Plan document is adopted by H&R Block, Inc., a Missouri corporation ("HRB") effective as of May 12, 2009.

Section 1. Purpose

The Company considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. This Plan provides severance pay to compensate management for the involuntary loss of employment and a period of readjustment. The Company also recognizes that a Change in Control of HRB may arise in the future and that such event may result in the departure or distraction of management to the detriment of the Company and its shareholders. Accordingly, the Board has determined it is in the best interests of the Company and its shareholders to secure the continued services and dedication of such management in the event of any threat or occurrence of a Change in Control of HRB by providing such management the benefits set forth this Plan.

This Plan supersedes all prior agreements, arrangements or plans of the Company related to separation pay in the event of a Qualifying Termination or Change in Control Termination. Notwithstanding the foregoing, nothing under this Plan supersedes or replaces any rights to acceleration of vesting granted to a Participant under the H&R Block, Inc. 2003 Long-Term Executive Compensation Plan for grants prior to participation in the Plan. Any benefits under this Plan will be provided to eligible employees in lieu of benefits under any other severance plan.

Section 2. Definitions

For purposes of this Plan, the following terms shall have the meanings specified below unless the context clearly requires otherwise:

(a) "Affiliate" shall have the meaning ascribed to such term in Rule 12b-2 of Regulation 12B under the Securities Exchange Act of 1934, as amended.

(b) "Board" means the Board of Directors of HRB.

(c) "Cause" means any of the following unless, if capable of cure, such events are fully corrected in all material respects by Participant within ten (10) days after the Company provides notice of the occurrence of such event:

(i) A Participant's misconduct that materially interferes with or materially prejudices the proper conduct of the business of the Company;

(ii) A Participant's commission of an act materially and demonstrably detrimental to the good will of the Company;

(iii) A Participant's commission of any act of dishonesty or breach of trust resulting or intending to result in material personal gain or enrichment of the Participant at the expense of the Company;

(iv) A Participant's violation of any non-competition, non-solicitation, confidentiality or similar restrictive covenant under any employment-related agreement, plan or policy with respect to which the Participant is a party or is bound; or

(v) A Participant's conviction of, or plea of nolo contendere to, a misdemeanor involving an act of moral turpitude or a felony.

If the Company does not give the Participant a termination notice within sixty (60) days after the Board or the Chairman of the Board has knowledge that an event constituting Cause has occurred, the event will no longer constitute Cause. The Company may place a Participant on unpaid leave for up to 30 consecutive days while it is determining whether there is a basis to terminate the Participant's employment for Cause. Such unpaid leave will not constitute Good Reason.

For purposes of this definition, (a) no act or omission by the Participant will be "willful" unless it is made by the Participant in bad faith or without a reasonable belief that the Participant's act or omission furthered the interests of the Company and (b) any act or omission by the Participant based on authority given pursuant to a resolution duly adopted by the Board will be deemed made in good faith and in the best interests of the Company.

(d) "Change in Control" means the occurrence of one or more of the following events:

(i) Any one person, or more than one person acting as a group, acquires ownership of stock of HRB 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 HRB. 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 HRB, the acquisition of additional stock by the same person or persons shall not be considered to cause a change in the ownership 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 HRB acquires its stock in exchange for property will be treated as an acquisition of stock for purposes of this Section 2(d)(i).

(ii) 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 HRB possessing 35 percent or more of the total voting power of the stock of HRB. 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.

(iii) 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.

(iv) 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 HRB 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 HRB immediately before such acquisition or acquisitions. For this purpose, gross fair market value means the value of the assets of HRB, 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 2(d)(iv) when there is a transfer to an entity that is controlled by

the shareholders of HRB immediately after the transfer. A transfer of assets by HRB is not treated as a change in the ownership of such assets if the assets are transferred to: (a) a shareholder of HRB (immediately before the asset transfer) in exchange for or with respect to its stock; (b) an entity, 50 percent or more of the total value or voting power of which is owned, directly or indirectly, by HRB; (c) 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 HRB; or (d) 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 (c) above.

For purposes of the foregoing, 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 Code.

(e) "Change in Control Termination" means a Participant's Qualifying Termination or Good Reason Termination, in either event within 24 months immediately following a Change in Control.

(f) "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 date of Separation from Service.

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

(h) "Company" means HRB and its Affiliates.

(i) "Comparable Position" means a position where:

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

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

(j) "Effective Date" means May 12, 2009.

(k) "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

(l) "Good Reason Termination" means a Separation from Service within 24 months immediately following a Change in Control which is initiated by the Participant upon one or more of the following occurrences:

(i) A material diminution in the Participant's base compensation;

(ii) A material diminution in the Participant's authority, duties, or responsibilities;

(iii) A material change in the geographic location at which the Participant must perform the services; or

(iv) Any other action or inaction that constitutes a material breach by the Company of any written employment-related agreement between the Participant and the Company.

A Participant must provide notice to the Company of the existence of any of the foregoing conditions within 10 days of the initial existence of the condition, upon the notice of which the Company must be provided a period of at least 30 days during which it may substantially remedy the condition and not be required to pay the amount.

(m) "HRB" means H&R Block, Inc., a Missouri corporation.

(n) "Monthly Compensation" means a Participant's highest annual salary as of the Change in Control or during the 12-month period immediately preceding his Separation Date divided by 12.

(o) "Participant" means an associate of the Company who is nominated by HRB's Chief Executive Officer and approved by the Compensation Committee of the Board.

(p) "Payment Date" means the date which is thirty (30) days after the later of: (i) a Participant's Separation Date or (ii) the Release Date.

(q) "Plan" means this H&R Block, Inc. Executive Severance Plan, as amended from time to time. This document serves as both the legal plan document and summary plan description.

(r) "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.

(s) "Qualifying Termination" means the involuntary Separation from Service by the Company under circumstances not constituting Cause but does not include:

(i) the elimination of the Participant's position where the Participant was offered a Comparable Position with the Company or with a party that acquires any asset from the Company (or a subsidiary or an affiliate of such a party), or

(ii) the redefinition of a Participant's position to a lower compensation rate or grade.

(t) "Release Agreement" means the release agreement, substantially in the form set forth as Exhibit A to this Plan, which a Participant shall be required to execute as a condition to receiving payments and benefits under this Plan.

(u) "Release Date" means 60 days after a Participant's Separation Date.

(v) "Separation Date" means the effective date of a Participant's Separation from Service.

(w) "Separation from Service" means the date that a Participant separates from service within the meaning of Section 409A of the Code and Treasury Regulation §1.409A-1(h).

(q) "Year of Service" means each period of 12 consecutive months of employment measured from the Participant's employment commencement date. 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:

(Number of days since most recent employment anniversary date ÷ 365)

Notwithstanding the foregoing, in no event will a Participant be credited with less than 12 Years of Service or more than 18 Years of Service.

Section 3. Severance Benefits.

(a) If a Participant (1) incurs a Qualifying Termination or a Change in Control Termination and (2) executes his Release Agreement and returns it to the Company by the deadline set forth in the Release Agreement, then the Participant shall be entitled to the following compensation and benefits:

(i) The Company shall pay the Participant, on the Payment Date, a lump sum severance amount equal to:

(A) the Participant's Monthly Compensation multiplied by the Participant's Years of Service; plus

(B) a specified percentage of the Participant's Monthly Compensation as set forth in the Appendix to this Plan multiplied by the Participant's Years of Service; plus

(C) an amount equal to the Participant's COBRA Subsidy multiplied by 12. To be eligible for a payment under this Section 3(a)(i)(C), the Participant must be enrolled in the Company's applicable health, dental, and vision benefits on the date of the Separation from Service.

(ii) Subject to Section 13, the Company, at its expense, shall provide reasonable outplacement assistance to the Participant, for a period not to exceed fifteen (15) months following the Participant's Separation Date, from a professional outplacement assistance firm which is reasonably suitable to the Participant and commensurate with the Participant's position and responsibilities. In no event shall the amount expended for outplacement assistance for the Participant exceed One Thousand Dollars ($1,000) per month.

(iii) The Participant shall be entitled to a pro-rata award of any award payable under the Company's Short Term Incentive Plan ("Incentive Plan") based upon the Participant's actual performance and the attainment of goals established under the Plan as determined by the Board in its sole discretion. Such pro-rata award shall be payable at the time such awards are payable under the Incentive Plan. The pro-rata portion shall be based on the number of days preceding the Separation Date in the performance period during which the Separation Date occurs, divided by 365.

(iv) The Participant shall be entitled to a pro-rata award of any outstanding performance shares granted under HRB's 2003 Long-Term Executive Compensation Plan (or any predecessor or successor plan) as of his Separation Date based on the achievement of the performance goals at the end of the then applicable performance period. Payment of such performance shares shall be made in a single lump sum upon the later of: (a) ten (10) days following the expiration of the applicable performance period or (ii) the date which is six (6) months following the Participant's Separation from Service.

(b) A Participant who receives any payments and other benefits under this Section 3 shall not be eligible for any severance-related payments or benefits under any employment-related agreement or

plan, policy or program of the Company. The payments and other benefits under this Section 3 shall offset any amounts due under the Worker Adjustment Retraining Notification Act of 1988 or any similar statute or regulation.

Section 4. Equity Awards.

(a) Qualifying Termination

(i) In the event a Participant incurs a Qualifying Termination: (w) with respect to any stock options outstanding on July 11, 2010, such Participant shall become vested in any such outstanding stock options that would have vested during the 12-month period following the Participant's Separation Date had the Participant remained an employee with the Company; (x) with respect to any stock options outstanding on July 11, 2010, the Participant may exercise such options until the earlier of: (a) fifteen (15) months following the Participant's Separation Date or (b) the last day the options would have been exercisable if the Participant had not incurred a Separation from Service; (y) with respect to any stock options granted after July 11, 2010, any portion of such options not vested as of the Separation Date shall be forfeited; and (z) with respect to any stock options granted after July 11, 2010, the Participant may exercise such options until the earlier of: (a) twelve (12) months following the Participant's Separation Date or (b) the last day the options would have been exercisable if the Participant had not incurred a Separation from Service. This Section 4(a)(i) applies to stock options granted under HRB's 2003 Long-Term Executive Compensation Plan or any predecessor or successor plan.

(ii) In the event a Participant incurs a Qualifying Termination: (y) with respect to any restricted stock/restricted stock unit awards outstanding on July 11, 2010, such Participant shall become vested in any portion of any outstanding restricted stock/stock unit awards (other than performance shares) that would have lapsed during the 12-month period following the Participant's Separation Date had the Participant remained an employee with the Company; and (z) with respect to any restricted stock/restricted stock unit awards granted after July 11, 2010, any portion of such restricted stock/stock unit awards (other than performance shares) not vested as of the Separation Date shall be forfeited. This Section 4(a)(ii) applies to restricted shares/units granted under HRB's 2003 Long-Term Executive Compensation Plan or any predecessor or successor plan.

(b) Change in Control

(i) In the event a Participant incurs a Change in Control Termination: (x) such Participant shall become 100% vested in all outstanding stock options granted under HRB's 2003 Long-Term Executive Compensation Plan or any predecessor or successor plan; (y) with respect to any options outstanding on July 11, 2010, the Participant may exercise such options until the earlier of: (a) fifteen (15) months following the Participant's Separation Date or (b) the last day the options would have been exercisable if the Participant had not incurred a Separation from Service; and (z) with respect to any stock options granted after July 11, 2010, the Participant may exercise such options, to the extent vested, until the earlier of: (a) twelve (12) months following the Participant's Separation Date or (b) the last day the options would have been exercisable if the Participant had not incurred a Separation from Service.

(ii) In the event a Participant incurs a Change in Control Termination, such Participant shall become 100% vested in all outstanding restricted stock awards (other than performance shares) granted under HRB's 2003 Long-Term Executive Compensation Plan or any predecessor or successor plan.

Section 5. Repayment; Clawback.

Notwithstanding any provision in this Plan to the contrary, if (x) the Company is required to restate any of its financial statements filed with the Securities and Exchange Commission, other than restatements due solely to factors external to the Company such as a change in accounting principles or a change in securities laws or regulations with retroactive effect or (y) the Participant violates the provisions of any confidentiality, non-competition, non-solicitation or similar agreement or policy, then the Board may recover or require reimbursement of all severance, equity compensation awards (including profits from the sale of Company stock acquired pursuant to such awards) and/or other payments or benefits made to the Participant under this Plan. In exercising its discretion to recover or require reimbursement of any amounts as a result of any restatement pursuant to clause (x) above, the Board will give reasonable and due consideration to, among other relevant factors, the level of the Participant's responsibility or influence, as well as the level of others' responsibility or influence, over the judgments or actions that gave rise to the restatement.

Section 6. Other Payments.

Upon any Separation from Service entitling the Participant to payments under this Plan, the Participant shall receive all accrued but unpaid salary and all benefits accrued and payable under any plans, policies and programs of the Company, except for benefits payable under any severance plan, policy or arrangement of the Company.

Section 7. Enforcement.

If a Participant incurs any expenses associated with the successful enforcement of his rights under this Plan by arbitration, litigation or other legal action, then the Company shall pay the Participant on demand of all reasonable expenses (including all attorneys' fees and legal expenses) incurred by the Participant in enforcing such rights under this Plan. The Participant shall notify the Company of the expenses for which the Participant demands reimbursement within sixty (60) days after the Participant receives an invoice for such expenses, and the Company shall pay the reimbursement amount within fifteen (15) days after receipt of such notice, subject to Section 13. For purposes of clarity, the Company shall have no obligation to reimburse the Participant for any expenses incurred by such Participant if any court, arbitrator, mediator or other judicial panel rules in favor of the Company with respect to the dispute giving rise to such expenses.

Section 8. No Mitigation.

A Participant shall not be required to mitigate the amount of any payment or benefit provided for in this Plan by seeking other employment or otherwise, nor shall the amount of any payment or benefit provided for herein be reduced by any compensation earned by other employment or otherwise.

Section 9. Nonexclusivity of Rights.

Nothing in this Plan shall prevent or limit a Participant's continued or future participation in or rights under any benefit, bonus, incentive or other plan or program provided by the Company and for which the Participant may qualify, except as provided in this Plan.

Section 10. No Set Off.

The Company's obligation to make the payments provided for in this Plan and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including, without limitation, any set-off, counterclaim, recoupment, defense or other right which the Company may have against the Participant or others.

Section 11. Taxation.

(a) To the extent applicable, this Plan shall be construed and administered consistently with Section 409A and the regulations and guidance issued thereunder. If the Participant is a "specified employee" as described in Section 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 Section 409A and therefore is not exempt from 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 Section 409A(a)(2)(B)(i). Because the requirements of Section 409A are still being developed and interpreted by government agencies, certain issues under Section 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 Section 409A. Notwithstanding the foregoing or any provision in this Plan to the contrary, the Company does not warrant or promise compliance with Section 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 Section 409A.

(b) All payments and other benefits received by the Participant under this Plan shall be subject to all requirements of the law with regard to tax withholding and reporting and filing requirements, and the Company shall use its best efforts to satisfy promptly all such requirements.

Section 12. Golden Parachute Payment.

(a) In the event that it is determined that any payment or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of a Participant, whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise (the "Change in Control Payment"), would constitute an "excess parachute payment" within the meaning of Section 280G of the Code, then the Company shall pay to the Participant whichever of the following gives the Participant the highest net after-tax amount (after taking into account all applicable federal, state, local and security taxes): (1) the Change in Control Payment, or (2) the amount that would not result in the imposition of excise tax on the Participant under Code Section 4999. Any required reduction in the Change in Control Payment pursuant to the foregoing shall be accomplished solely by reducing the lump sum severance payment payable pursuant to Section 3(a)(i) of this Plan.

(b) All determinations to be made under this Section 12 shall be made by an independent registered public accounting firm selected by the Company immediately prior to the Change in Control (the "Accounting Firm"), which shall provide its determinations and any supporting calculations both to the Company and the Participant within ten (10) days of the Change in Control. Any such determination by the Accounting Firm shall be binding upon the Company and the Participant. All of the fees and expenses of the Accounting Firm in performing the determinations referred to in this Section 12 shall be borne solely by the Company.

Section 13. Reimbursements.

Any reimbursements or in-kind benefits to be provided pursuant to this Plan (including, but not limited to under Section 3(a)(ii)) that are taxable to the Participant shall be subject to the following

restrictions: (a) each reimbursement must be paid no later than the last day of the calendar year following the calendar year during which the expense was incurred or tax was remitted, as the case may be; (b) the amount of expenses or taxes eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses or taxes eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; and (c) the period during which any reimbursement may be paid or in-kind benefit may be provided shall end ten years after termination of this Agreement; and (d) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

Section 14. Term.

This Plan is effective as of the Effective Date and shall continue with respect to a Participant until the earliest of: (a) the Participant's Separation from Service, or (b) the date the Participant enters into a written separation agreement with the Company.

Section 15. Successor Company.

The Company shall require any successor or successors (whether direct or indirect, by purchase, merger or otherwise) to all or substantially all of the business or assets of the Company to acknowledge expressly that this Plan is binding upon and enforceable against the Company in accordance with the terms hereof, and to become jointly and severally obligated with the Company to perform this Plan in the same manner and to the same extent that the Company would be required to perform if no such succession or successions had taken place.

Section 16. Notice.

All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be delivered personally or mailed by registered or certified mail, return receipt requested, or by overnight express courier service, as follows:

If to the Company, to:

H&R Block, Inc.

One H&R Block Way

Kansas City MO 64105

Attention: Corporate Secretary

If to the Participant, to the most recent address provided by the Participant to the Company for payroll purposes, or to such other address as the Company or the Participant, as the case may be, shall designate by notice to the other party hereto in the manner specified in this Section 17; provided, however, that if no such notice is given by the Company following a Change in Control, notice at the last address of the Company or any successor shall be deemed sufficient for the purposes hereof. Any such notice shall be deemed delivered and effective when received in the case of personal delivery, five (5) days after deposit, postage prepaid, with the U.S. Postal Service in the case of registered or certified mail, or on the next business day in the case of overnight express courier service.

Section 17. Amendment.

This Plan may be amended at anytime by the Board with respect to all or some of the Participants, provided that any such amendment may not decrease or restrict a Participant's rights under this Plan without his consent.

Section 18. Administration.

The Plan shall be administered by the Board which shall have the exclusive discretion and authority to make, amend, interpret and enforce all appropriate rules and regulations for the administration of this Plan and to decide or resolve any and all questions that may arise in connection with the Plan. Any decision or action of the Board with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final and conclusive and binding upon all persons having any interest in the Plan. In the administration of this Plan, the Board may employ agents and delegate to them such administrative duties as the Board deems appropriate (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to the Company.

Section 19. No Right to Continued Employment.

Nothing in this Plan shall be construed as giving the Participant any right to be retained in the employ of the Company.

Section 20. Claims Procedure

Any Participant may deliver to the Board a written claim for a determination with respect to the amounts distributable to such Participant from the Plan. If such a claim relates to the contents of a notice received by the Participant, the claim must be made within 60 days after such notice was received by the Participant. The claim must state with particularity the determination desired by the Participant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred.

The Board shall consider a Participant's claim within 90 days (unless special circumstances require additional time), and shall notify the Participant in writing: (i) that the Participant's requested determination has been made, and that the claim has been allowed in full; or (ii) that the Board has reached a conclusion contrary, in whole or in part, to the Participant's requested determination. Such notice must set forth in a manner calculated to be understood by the Participant and include the following information:

(a) the specific reason(s) for the denial of the claim, or any part of it;

(b) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(c) a description of any additional material or information necessary for the Participant to perfect the claim, and an explanation of why such material or information is necessary; and

(d) an explanation of the claim review procedure set forth below.

Within 60 days after receiving a notice from the Board that a claim has been denied, in whole or in part, a Participant (or the Participant's duly authorized representative) may file with the Board a written request for a review of the denial of the claim. Thereafter, but not later than 30 days after the review procedure began, the Participant (or the Participant's duly authorized representative):

(i) may review pertinent documents;

(ii) may submit written comments or other documents; and/or

(iii) may request a hearing, which the Board, in its sole discretion, may grant.

The Board shall render its decision on review promptly, and not later than 60 days after the filing of a written request for review of the denial, unless a hearing is held or other special circumstances require additional time, in which case the Board's decision must be rendered within 120 days after such date. Such decision must be written in a manner calculated to be understood by the Participant, and it must contain:

(x) specific reasons for the decision;

(y) specific reference(s) to the pertinent Plan provisions upon which the decision was based; and

(z) such other matters as the Board deems relevant.

A Participant's compliance with the foregoing provisions of this Section 21 is a mandatory prerequisite to a Participant's right to commence any legal action with respect to any claim for benefits under this Plan. Service of legal process shall be made to: H&R Block Management, LLC, Attention: General Counsel, One H&R Block Way, Kansas City, Missouri 64105.

Section 21. Governing Law.

This Plan shall be governed by and interpreted under the laws of the State of Missouri without giving effect to any conflict of laws provisions. Any legal action or proceeding with respect with this Plan shall be brought exclusively in the courts of the State of Missouri without regard to any conflicts of law.

Section 22. Successors and Assigns. All of the terms and provisions of this Plan shall be binding upon and inure to the benefit of and be enforceable by the respective heirs, representatives, successors and assigns of the parties hereto, except that the duties and responsibilities of the Participant and the Company hereunder shall not be assignable in whole or in part.

Section 23. Severability.

If any provision of this Plan or application thereof to anyone or under any circumstances shall be determined to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions or applications of this Plan which can be given effect without the invalid or unenforceable provision or application.

Section 24. Remedies Cumulative; No Waiver.

No right conferred upon the Participant by this Plan is intended to be exclusive of any other right or remedy, and each and every such right or remedy shall be cumulative and shall be in addition to any other right or remedy given hereunder or now or hereafter existing at law or in equity. No delay or omission by the Participant in exercising any right, remedy or power hereunder or existing at law or in equity shall be construed as a waiver thereof.

Section 25. Headings.

The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

Section 26. 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;

(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 may request any of the materials listed above from the Plan Administrator and do 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 have sued to pay these costs and fees. But if the Participant loses, the court may order the Participant to pay these costs and fees if, for example, it 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.

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IN WITNESS WHEREOF, the Company has executed this Plan this 12th day of May 2009, but effective as of the Effective Date.

H&R BLOCK, INC.

By: _____

Title: _____

EXHIBIT A

SEVERANCE AND RELEASE AGREEMENT

_____ ("Employee") and _____ ("Company") enter into this Severance and Release Agreement ("Release Agreement") under the terms and conditions recited below:

I. Recitations

A. Due to changing business needs, Employee has been notified that his/her employment with Company will end on _____ (the "Termination Date").

B. Employee and Company want to enter into a full and final settlement of all issues and matters between them, occurring on or before the date Employee signs this Release Agreement. These include, but are not limited to, any issues and matters that may have arisen out of Employee's employment with or separation from Company.

C. Employee specifically acknowledges that Company has told him/her to consult with a lawyer prior to signing this Release Agreement.

D. Employee specifically agrees that he/she will not sign this Release Agreement until after the Termination Date.

E. In exchange for the mutual promises of Employee and Company set forth in this Release Agreement, Employee and Company agree to the terms and conditions set out below.

II. Basic Terms of the Release Agreement

A. Upon receipt of a fully executed copy of this Release Agreement and after the expiration of the period defined in paragraph III(A) below, Company agrees to provide Employee with the payments and benefits to which Employee is entitled under the H&R Block, Inc. Executive Change in Control and Severance Plan (the "Plan"). A copy of the Plan is attached to this Release Agreement as Exhibit A. Employee is not entitled to any payments or benefits under the Plan unless Employee signs and returns this Release Agreement within twenty-one (21) calendar days of being presented with it. Employee may sign this Release Agreement at any time prior to conclusion of the twenty-one (21) day period. Assuming Employee chooses to sign this Release Agreement and that such signature becomes binding because Employee has not revoked his/her signature within seven (7) calendar days after signing, the terms of the Plan govern the payments and benefits to which Employee is entitled.

B. Employee agrees to the following:

1. *Release of Claims*. Employee agrees to release and discharge Company, and any of its related companies, present and former officers, agents, successors, assigns, other employees and attorneys from any and all claims arising before the date Employee signs the Release Agreement including, without limitation, any claims that may have arisen from Employee's employment with or separation from Company, all as more fully set forth in paragraphs IV(A) through (E) below.

2. *Confidential Information*. Employee agrees, during and after the term of this Release Agreement he/she will not, without the prior written consent of Company, directly or indirectly use for the benefit of any person or entity other than Company, or make known, divulge or communicate to any person, firm, corporation or other entity, any confidential or proprietary information, knowledge or trade secrets acquired, developed or learned of by Employee during his/her employment with Company.

Employee shall not retain after the Termination Date, any document, record, paper, disk, tape or compilation of information relating to any such confidential information.

3. *Return of Company Property*. Employee shall return to Company by the Termination Date, any and all things in his/her possession or control relating to Company and its related entities, including but not limited to any equipment issued to Employee, all correspondence, reports, contracts, financial or budget information, personnel or labor relations files, office keys, manuals, and all similar materials not specifically listed here. Employee further agrees that as of the Termination Date he/she will have no outstanding balance on his/her corporate credit card for which appropriate travel and expense accounting has not been submitted.

4. *Non-Solicitation of Employees*. For a period of two years after Employee's Termination Date, Employee agrees that he/she will not directly or indirectly recruit, solicit, or hire any employee of the Company or of its parents, subsidiaries or related-companies (collectively "Affiliates") or otherwise induce any Company or Affiliate employee to leave the employment of the Company or Affiliate to become an employee of or otherwise be associated with any other party or with Employee or any company or business with which Employee is or may become associated. The running of the two-year period will be suspended during any period of violation and/or any period of time required to enforce this covenant by litigation or threat of litigation.

5. *Non-Solicitation of Customers*. For a period of two years after Employee's Termination Date, Employee agrees that he/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 significant customer of the Company or an Affiliate for the purpose of engaging in any business transaction of the nature performed by the Company or such Affiliate, or contemplated to be performed by the Company or such Affiliate, for such customer, provided that this Section will only apply to customers for whom Employee personally provided services while employed by the Company or customers about whom or which Employee acquired material information while employed by the Company. The running of the two-year period will be suspended during any period of violation and/or any period of time required to enforce this covenant by litigation or threat of litigation.

6. *Non-Competition*. For two years after Employee's Termination Date, Employee agrees that he/she will not engage in, or own or control any interest in (except as a passive investor in less than one percent of the outstanding securities of publicly held companies), or act as an officer, director or employee of, or consultant or advisor to, any firm, corporation, partnership, limited liability company, institution, business, government agency, or entity that engages in any line of business that is competitive with any Line of Business of Block (as defined below). The definition of *"Line of Business of Block"* shall be determined as of the Termination Date and shall mean any line of business (including lines of business under substantial evaluation or substantial development) of the Company as of such date, as well as any one or more lines of business (including lines of business under substantial evaluation or substantial development) of any Affiliate as of such date, if Employee was employed during the two-year period preceding the Termination Date by such Affiliate, provided that, "Line of Business of Block" will in all events include, but not be limited to, the income tax return preparation business, and provided further that if Employee's employment was, as of the Termination Date or during the two-year period immediately prior to the Termination Date, with the Company or any successor entity thereto, "Line of Business of Block" means any line of business (including lines of business under substantial evaluation or substantial development) of Block and all of the Affiliates as of the date of Employee's termination. The running of the two-year period will be suspended during any period of violation and/or any period of time required to enforce this covenant by litigation or threat of litigation.

7. *Non-disparagement*. Employee agrees he/she will not disparage Company 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. 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.

8. *Employee Availability/Cooperation*. Employee agrees to reasonably assist and cooperate with the Company and/or any Affiliate (and their outside counsel) in connection with the defense or prosecution of any claim that may be made or threatened against or by the Company or any Affiliate, or in connection with any ongoing or future investigation or dispute or claim of any kind involving the Company or any Affiliate, including any proceeding before any arbitral, administrative, judicial, legislative, or other body or agency, including preparing for and testifying in any proceeding to the extent such claims, investigations or proceedings relate to services performed or required to be performed by Employee, pertinent knowledge possessed by Employee, or any act or omission by Employee. Employee will perform all acts and execute and deliver any documents that may be reasonably necessary to carry out the provisions of this Section. Upon presentment to the Company of appropriate documentation, the Company will pay directly or reimburse Employee for the reasonable out-of pocket expenses incurred as a result of such cooperation.

III. Acknowledgments and Additional Terms

A. *Revocation Period*. Employee acknowledges that if he/she accepts the terms of this Release Agreement he/she will have seven (7) calendar days after the date he/she signs this Release Agreement to revoke his/her acceptance of its terms. Such revocation, to be effective, must be delivered by written notice, in a manner so the notice is received on or before the seventh day by: Human Resources, Compensation Department, H&R Block, Inc., One H&R Block Way, Kansas City, MO 64105.

B. *Opportunity to Consult Attorney*. Employee acknowledges he/she has consulted or has had the opportunity to consult with her/his attorney prior to executing the Release Agreement.

C. *No Admission of Liability*. Employee and Company agree nothing in this Release Agreement is an admission by either of any wrongdoing, and that nothing in this Release Agreement is to be construed as such by anyone.

D. *Consideration*. Employee agrees provision of the payments and benefits set forth in paragraphs II(A)(1) and (2) are valuable consideration to which Employee would not otherwise be entitled.

E. *Choice of Law*. All disputes which arise out of the interpretation and enforcement of this Release Agreement shall be governed by the laws of the State of Missouri without giving effect to its choice of law provisions.

F. *Entire Agreement*. This Release Agreement including Exhibit A is the entire agreement between the parties. The parties acknowledge the terms of the Plan can be terminated or changed according to the terms set forth in the Plan. The parties acknowledge the terms of this Release Agreement can only be changed by a written amendment to the Release Agreement signed by both parties.

G. *No Reliance*. The parties have not relied on any representations, promises, or agreements of any kind made to them in connection with this Release Agreement, except for those set forth in writing in this Release Agreement or in the Plan.

H. *Separate Signatures*. Separate copies of this Release Agreement shall constitute originals which may be signed separately but which together will constitute one single agreement.

I. *Effective Date*. This Release Agreement becomes effective and binding on the eighth calendar day following Employee's execution of the Release Agreement.

J. *Severability*. If any provision of this Release Agreement, including the Plan, is held to be invalid, the remaining provisions shall remain in full force and effect.

K. *Continuing Obligations*. Any continuing obligations Employee has after separation of employment pursuant to any employment agreement with Company, the Plan, or by operation of law survive this Release Agreement. The terms of this Release Agreement add to any such obligations and are not intended to otherwise modify them in any way.

IV. Release

A. In consideration of the recitations and agreements listed above, Employee releases, and forever discharges Company and each and every one of its parent, affiliate, subsidiary, component, predecessor, and successor companies, and their respective past and present agents, officers, executives, employees, attorneys, directors, and assigns (collectively the "Released Parties"), from any and all matters, claims, charges, demands, damages, causes of action, debts, liabilities, controversies, claims for attorneys' fees, judgments, and suits of every kind and nature whatsoever, foreseen or unforeseen, known or unknown, which have arisen between Employee and the Released Parties up to the date Employee signs this Release Agreement.

B. This release of claims includes, but is not limited to: (1) any claims he/she may have relating to any aspect of her/his employment with the Released Parties and/or the separation of that employment, (2) any breach of an actual or implied contract of employment between Employee and the Released Parties, (3) any claim of unjust or tortious discharge, (4) any common-law claim (including but not limited to fraud, negligence, intentional or negligent infliction of emotional distress, negligent hiring/retention/supervision, or defamation), and (5)(i) any claims arising under the Civil Rights Act of 1866, 42 U.S.C. § 1981, (ii) the Civil Rights Act of 1964, 42 U.S.C. §§ 2000e, et seq., as amended by the Civil Rights Act of 1991, (iii) the Age Discrimination in Employment Act, 29 U.S.C. §§ 621, et seq. (including but not limited to the Older Worker Benefit Protection Act), (iv) the Employee Retirement Income Security Act, 29 U.S.C. §§ 1001, et seq., (v) the Rehabilitation Act of 1973, 29 U.S.C. §§ 701, et seq., (vi) the American with Disabilities Act, 42 U.S.C. §§ 12101, et seq., (vii) the Occupational Safety and Health Act, 29 U.S.C. §§ 651, et. seq., (viii) the National Labor Relations Act, 29 U.S.C. §§ 151, et. seq., (ix) the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101, et seq., (6) any applicable state employment discrimination statute, (7) any applicable state worker's compensation statute, and (8) any other federal, state, or local statutes or ordinances.

C. Employee further agrees in the event any person or entity should bring such a charge, claim, complaint, or action on her/his behalf, he/she hereby waives and forfeits any right to recovery under said claim and will exercise every good faith effort to have such claim dismissed. This Release Agreement does not affect, however, the Equal Employment Opportunity Commission's ("EEOC's") rights and responsibilities to investigate or enforce applicable employment discrimination statutes.

D. For purposes of the Age Discrimination in Employment Act ("ADEA") only, this Release Agreement does not affect the EEOC's rights and responsibilities to enforce the ADEA, nor does this Release Agreement prohibit Employee from filing a charge under the ADEA (including a challenge to the validity of the waiver of claims in this Release Agreement) with the EEOC, or participating in any investigation or proceeding conducted by the EEOC. Nevertheless, Employee agrees that the Released Parties will be shielded against any recovery by Employee, provided this Release Agreement is valid under applicable law.

E. Employee agrees he/she waives any right to participate in any settlement, verdict or judgment in any class action against the Released Parties arising from conduct occurring on or before the date Employee signs this Release Agreement, and that he/she waives any right to accept anything of value or any injunctive relief associated with any such pending or threatened class action against the Released Parties.

THIS IS A RELEASE OF CLAIMS — READ CAREFULLY BEFORE SIGNING

I have read this Severance and Release Agreement. I have had the opportunity to obtain the advice of legal counsel concerning the meaning and effect of this Release Agreement. Company advised me to seek the advice of counsel on this issue. I fully understand the terms of this Release Agreement and I understand it is a complete and final release of any of my claims against Company. I sign the Release Agreement as my own free act and deed.

Employee

_____

Date: _____

Company

By: _____

Title: _____

Date: _____

Exhibit 10.3

H&R BLOCK SEVERANCE PLAN
(Amended and Restated effective July 27, 2010)

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 Participant's 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) Reserved.

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

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

(f) "Comparable Position" means a 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 and target bonus) is not more than 10% below the Employee's compensation rate 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 or any successor plan to its 2003 Long-Term Executive Compensation 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) "Line of Business of the Company" with respect to a Participant means any line of business of the Participating Employer by which the Participant was employed as of the

Termination Date, as well as any one or more lines of business of any other subsidiary of the Company by which the Participant was employed during the two-year period preceding the Termination Date, provided that, if Participant's employment was, as of the Termination Date or during the two-year period immediately prior to the Termination Date, with H&R Block Management, LLC or any successor entity thereto, "Line of Business of the Company" shall mean any lines of business of the Company and all of its subsidiaries.

(l) "Monthly Compensation" means –

(i) with respect to a Participant paid on a salary basis, the Participant's current annual salary divided by 12;

(ii) with respect to a Participant paid on an hourly basis, the Participant's current hourly rate times the number of hours he or she is regularly scheduled to work per week multiplied by 52 and then divided by 12; or

(iii) with respect to a Participant, employed more than three years with a Participating Employer, who is paid, in whole or in part, on commission, the Participant's current base wages or salary plus the Participant's Average Commission Amount divided by 12.

(m) "Participant" means an Employee who has incurred a Qualifying Termination and has signed a Separation Agreement that has not been revoked during any revocation period provided under the Separation Agreement.

(n) "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.

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

(p) "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.

(q) "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;

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

(v) the non-renewal of employment contracts.

(r) "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.

(s) "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.

(t) "Severance Period" means the period of time following the Termination Date which will be the shorter of (i) 12 months or (ii) a number of months equal to the whole number of Years of Service determined under Section 2(v).

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

(v) "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 18.

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 later of the Termination Date or 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) the Participant's Monthly 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 Year's of Service; plus

(iii) 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 latest of the Termination Date or the Release Date, unless otherwise agreed in writing by the Participating Employer and Participant, or otherwise required by law.

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 the Equity Plan, not less than 6 months prior to his or her Termination Date and (ii) outstanding at the close of business on such Termination Date. The determination of 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 agreement without regard to any accelerated vesting provision not related to the Plan in such agreement. With respect to any incentive stock options and 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 agreements, the Participant may elect to have the right to exercise any outstanding incentive stock options and nonqualified stock options granted prior to the Termination Date to the Participant under the 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 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 later of the Termination Date or Release Date. If the

Participant fails to make an election, the Participant's right to exercise such options 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 agreements, if necessary.

6. **Restricted Shares.** Any portion of any outstanding restricted shares awarded to the Participant under the Equity Plan 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 shall be fully vested. With respect to any restricted shares 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 Pay 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) and (iii). 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 be credited with prior service credit for purposes of eligibility for all benefits including any accrued, unused and unpaid 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 pay, the Participant's Prior Service Credit shall be reduced on a pro rata basis for Years of Service of severance pay 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 Separation 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 firm, corporation, partnership, limited liability company, institution, business, government agency, or entity that engages in any line of business that is competitive

with any Line of Business of the Company, provided that 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 Severance Period, the Participant employs or solicits for employment by any employer other than a subsidiary of the Company any employee of any subsidiary of the Company, or recommends any such employee for employment to any employer (other than a subsidiary of the Company) at which the Participant is or intends to be (i) employed, (ii) a member of the Board of Directors, (iii) a partner, or (iv) providing consulting services.

(c) During the Severance Period, 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 a subsidiary of the Company for the purpose of engaging in any business transaction of the nature performed by such subsidiary, or contemplated to be performed by such subsidiary, for such customer, provided that this Section 9(c) shall only apply to customers for whom the 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.

(d) During the Severance Period, 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) or 9(d) during or after Participant's term of employment with a Participating Employer, but prior to the commencement of the Severance Period, and such engagement becomes known to the Participating Employer during the Severance Period, such conduct shall be deemed, for purposes of Sections 9(a), 9(b), 9(c) or 9(d) to have occurred during the Severance Period.

(f) If the Participant is a party to an employment contract 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 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 Company's 1993 Long-Term Executive Compensation Plan or the 2003 Long-Term Executive Compensation Plan or any successor Plan thereto. 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 Secretary of the Plan Administrator is designated as agent for service of legal process. Service of legal process may be made upon the Secretary of the Plan Administrator at:

All Jurisdictions but Missouri
The Corporation Trust Company
1209 Orange Street
Wilmington, Delaware 19801

In Missouri
CT Corporation System
120 South Central Avenue
Clayton, Missouri 63105

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 February 28, 2010

Schedule A
Participating Employers

Block Financial LLC

Express Tax Service, Inc.

Franchise Partner, Inc.

H&R Block Bank Corporation

H&R Block Eastern Enterprises, Inc.

H&R Block Enterprises, LLC

H&R Block Management, LLC

H&R Block Tax & Business Services, Inc.

H&R Block Tax Services, LLC

HRB Corporate Services, LLC

HRB Corporate Enterprises, LLC

HRB Digital Technology Resources, LLC

HRB Digital, LLC

HRB Expertise, LLC

HRB International, LLC

HRB Products, LLC

HRB Support Services, LLC

HRB Tax Group, Inc.

HRB Tax & Technology Leadership, LLC

HRB Technology, LLC

Tax Works, Inc.

- Block Financial LLC
- Franchise Partner, Inc.
- H&R Block Bank Corporation
- H&R Block Services, Inc. and its U.S.-based direct and indirect subsidiaries
- H&R Block Management, LLC
- HRB Products, LLC
- HRB Corporate Enterprises, LLC
- Tax Works, Inc.
- HRB International, LLC
- RSM McGladrey Business Services, Inc.

Schedule B
Pay Bands

Pay Band	Minimum Years of Service	Maximum Years of Service
Band 006 and above	6	18
Band 005	3	18
Bands 001-004	1	18

Exhibit 10.4

H&R BLOCK, INC.
DEFERRED COMPENSATION PLAN FOR EXECUTIVES
(Amended and Restated Effective July 27, 2010)

Purpose

H&R Block, Inc. (the "Company") amended and restated the H&R Block, Inc. Deferred Compensation Plan for Executives effective as of July 1, 2002. This amendment and restatement is effective December 31, 2008, and is intended to comply with the requirements of section 409A of the Code.

The purpose of this Plan is to provide specified benefits to a select group of management or highly compensated employees who contribute materially to the continued growth, development and future business success of the Company and its Affiliates, if any, that sponsor this Plan. This Plan shall be unfunded for tax purposes and for purposes of Title I of ERISA.

Notwithstanding any provision in the Plan to the contrary, pursuant to IRS Notice 2007-86, all amounts accrued under the Plan for a Participant as of December 31, 2008 will be paid in a lump sum on April 11, 2009, unless the Participant elects to defer Salary and Bonus earned in 2009 in accordance with Article 3. If a Participant elects to defer for 2009, the Participant may elect one time and form of payment for all amounts attributable to pre-2009 deferrals, as well as a time and form of payment for deferrals for 2009 and subsequent years. For Participants in pay status on or before December 31, 2008 (i) payments of pre-2004 deferrals shall be paid according to the Plan as grandfathered under Code §409A, and (ii) payments of deferrals made after 2004 shall be governed by the Participant's payment elections and the terms of the Amended and Restated Plan.

The H&R Block, Inc. Deferred Compensation Trust Agreement, dated December 13, 1988, is hereby revoked, effective December 31, 2008, in accordance with §2.03. The H&R Block, Inc. Deferred Compensation Trust Agreement is reinstated, effective December 31, 2008 except that §§2.02-3 and 2.02-4 are deleted in the entirety.

ARTICLE 1

Definitions

For the purposes of this Plan, unless otherwise clearly apparent from the context, the following phrases or terms shall have the following indicated meanings:

1.1 "Account Balance" means, with respect to a Participant, a credit on the records of the Employer equal to the sum of the Participant's Deferral Account balance, the Company Matching Account balance, and the Discretionary Company Contributions Account balance. The Account Balance, and each other specified account balance, shall be a bookkeeping entry only and shall be utilized solely as a device for the measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan.

1.2 "Affiliate" or "Affiliates" means a group of entities, including the Company, which constitutes a controlled group of corporations (as defined in section 414(b) of the Code), a group of trades or businesses (whether or not incorporated) under common control (as defined in section 414(c) of the Code).

1.3 "Annual Company Matching Contributions" means for any one Plan Year, the amount determined in accordance with Section 4.1.

1.4 "Annual Contributions" means the Participant's Annual Deferral Amount plus Annual Company Matching Contributions for any one Plan Year.

1.5 "Annual Deferral Amount" means that portion of a Participant's Salary and Bonus that a Participant defers in accordance with Section 3.1(a) for any one Plan Year. In the event of a Participant's Unforeseeable Financial Emergency (if deferrals are revoked in accordance with Section 6.1), Disability (if deferrals cease in accordance with Section 8.1), death, or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount withheld prior to such event.

1.6 "Beneficiary" means one or more persons, trusts, estates or other entities, designated by a Participant in accordance with Section 10.2, or in the absence of such designation, the persons specified in Section 10.3, that are entitled to receive benefits under this Plan upon the death of a Participant.

1.7 "Beneficiary Designation Form" means the form (which may be digital and require electronic transmission) established from time to time by the Committee by which a Participant designates one or more Beneficiaries in accordance with the Committee's procedures.

1.8 "Board" means the Board of Directors of the Company, as constituted at the relevant time.

1.9 "Bonus" means performance-based compensation paid under the Employer's short-term incentive plan (or other annual incentive program) which is contingent on the satisfaction of pre-established organizational or individual performance criteria over the Company's 12-consecutive month Fiscal Year; but excluding any amounts paid under an incentive program that will be paid regardless of performance or based upon a level of performance that is substantially certain to be met at the time the criteria is established.

1.10 "Claimant" shall have the meaning set forth in Section 14.1.

1.11 "Code" means the Internal Revenue Code of 1986, as it may be amended from time to time. References to a Code section shall be deemed to be to that section or any successor to that section.

1.12 "Committee" means the Compensation Committee of the Board.

1.13 "Company" means H&R Block, Inc., a Missouri corporation, and any successor to all or substantially all of its assets or business.

1.14 "Company Matching Account" means (i) the sum of all of a Participant's Annual Company Matching Contributions, plus (ii) amounts credited in accordance with all the applicable crediting and debiting provisions of this Plan that relate to the Participant's Company Matching Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to this Plan that relate to the Participant's Company Matching Account.

1.15 "Deferral Account" means (i) the sum of all of a Participant's Annual Deferral Amounts, plus (ii) amounts credited in accordance with all the applicable crediting and debiting provisions of this Plan that relate to the Participant's Deferral Account, less (iii) all distributions made to the

Participant or his or her Beneficiary pursuant to this Plan that relate to his or her Deferral Account.

1.16 "Disability" or "Disabled" means a 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 under the group long-term disability insurance program maintained by the Participant's Employer, and shall be deemed to be incurred on the date as of which such income replacement benefits commence.

1.17 "Discretionary Company Contributions" means the amount credited to an Employee in accordance with Section 4.2.

1.18 "Discretionary Company Contributions Account" means the (i) sum of all of a Participant's Discretionary Company Contributions, plus (ii) amounts credited in accordance with all the applicable crediting and debiting provisions of the Plan that relate to the Participant's Discretionary contributions Account, less (iii) all distributions made to the Participant or his or her Beneficiary pursuant to the Plan that relate to the Participant's Discretionary Company Contributions Account.

1.19 "Disability Benefit" means the benefit set forth in Article 8.

1.20 "Election Form" means the form (which form or forms may be in a digital format and require electronic transmission) established from time to time by the Committee by which a Participant makes elections under the Plan in accordance with the Committee's procedures.

1.21 "Eligibility Committee" means the Chief Executive Officer of the Company, the Chief Financial Officer of the Company, and the senior officer of the Company responsible for human resources.

1.22 "Employee" means a person who is an employee of any Employer.

1.23 "Employer" means the Company and/or any of its Affiliates (now in existence or hereafter formed or acquired) that have been selected by the Board to participate in the Plan and have agreed to participate in the Plan.

1.24 "ERISA" means the Employee Retirement Income Security Act of 1974, as it may be amended from time to time. References to an ERISA section shall be deemed to be to that section or any successor to that section.

1.25 "In-Service Distribution" means a date-based distribution as set forth in Section 7.1 providing for distribution no earlier than the third Plan Year after the Plan Year for which the Annual Contributions are made.

1.26 "Installment Method" means installment payments over a number of years selected by the Participant in accordance with this Plan. Each installment payment shall be calculated by multiplying the Account Balance of the Participant by a fraction, the numerator of which is one and the denominator of which is the remaining number of payments due the Participant. For purposes of this calculation, the Account Balance of the Participant (or the appropriate portion thereof) shall be calculated as of the close of business on or around the date of the Participant's payment.

1.27 "Measurement Fund" means one or more investment funds which may, but need not, include the investment funds provided under the H&R Block Retirement Savings Plan (including Company stock) available as a measuring standard for crediting earnings and losses to a Participant's Account Balance. Notwithstanding any other provision in this Plan that may be interpreted to the contrary, the Measurement Funds are to be used for measurement purposes only, and a Participant's election of any Measurement Fund, the allocation to his or her Account Balance thereto, the calculation of additional amounts and the crediting or debiting of such amounts to a Participant's Account Balance shall not be considered or construed in any manner as an actual investment of his or her Account Balance in any Measurement Fund.

1.28 "Open Enrollment" means, with respect to the deferral of Salary for a Plan Year, such period as established by the Committee ending before the beginning of such Plan Year. With respect to the deferral of a Bonus, such period as established by the Committee ending before the date that is no later than 6 months prior to the expiration of the performance period with respect to such Bonus.

1.29 "Participant" means any Employee (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who executes an Election Form in a form acceptable to the Committee, (iv) who commences participation in the Plan, and (v) whose participation has not terminated. A spouse or former spouse of a Participant shall not be treated as a Participant in the Plan or have an account balance under the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce.

1.30 "Payment Date" means the date during a month on which payments under this Plan are made, as selected by the Committee from time to time.

1.31 "Plan" means the H&R Block, Inc. Deferred Compensation Plan for Executives, which shall be evidenced by this instrument as it may be amended from time to time and Participant's Election Forms.

1.32 "Plan Year" means a period beginning on January 1 of each calendar year and continuing through December 31 of such calendar year.

1.33 "Qualified Plan" means the H&R Block Retirement Savings Plan or any successor plan that is intended to satisfy the requirements of section 401 of the Code.

1.34 "Salary" means the total salary and wages , including fee based earnings and commissions paid by all Affiliates to a Participant relating to services performed during any Plan Year, excluding any other remuneration paid by Affiliates such as Bonuses, other bonuses, overtime, incentive pay, stock options, distributions of compensation previously deferred, restricted stock, severance pay, allowances for expenses (such as relocation, travel, and automobile allowances), non-monetary awards and fringe benefits (cash or noncash). Salary shall be calculated before reduction for compensation voluntarily deferred or contributed by the Participant pursuant to all qualified or non-qualified plans of any Affiliate and shall be calculated to include amounts not otherwise included in the Participant's gross income under Code Sections 125, or 402(e)(3) pursuant to plans established by any Affiliate; provided, however, that all such amounts will be included in compensation only to the extent that had there been no such plan, the amount would have been payable in cash to the Participant.

1.35 "Survivor Benefit" means the benefit set forth in Article 9.

1.36 "Termination Benefit" means the benefit set forth in Section 7.4.

1.37 "Termination of Employment" means a separation from service within the meaning of Code §409A. A Participant who is an employee will generally have a Termination of Employment if the Participant voluntarily or involuntarily terminates employment with the Employer. A termination of employment occurs if the facts and circumstances indicate that the Participant and the Employer reasonably anticipate that no further services will be performed after a certain date or that the level of bona fide services the Participant will perform after such date (whether as an employee, director or other independent contractor) for the Employer 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 the Participant has been providing services for less than 36 months). Notwithstanding the foregoing, the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period does not exceed 6 months, or if longer, so long as the Participant retains the right to reemployment with an Employer under an applicable statute or contract. When a leave of absence is due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a period of at least 6 months and such impairment causes the Participant to be unable to perform duties of his or her position or any substantially similar position, a 29-month maximum period of absence shall be substituted for the 6-month maximum period described in the preceding sentence.

1.38 "Trust" means one or more trusts established with respect to the Plan between the Company and the trustee named therein, as amended from time to time.

1.39 "Unforeseeable Financial Emergency" means a severe financial hardship to the Participant resulting from (i) an illness or accident of the Participant, a Beneficiary or a dependent (as defined in Code §152, without regard to §152(b)(1), (b)(2), and (d)(1)(B)) of the Participant, (ii) a loss of the Participant's property due to casualty, or (iii) such other extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant, all as determined in the sole discretion of the Committee consistent with the requirements of Code Section 409A.

ARTICLE 2

Selection, Enrollment, Eligibility

2.1 **Selection by Committee**. Participation in the Plan shall be limited to a select group of management or highly compensated Employees, as determined by the Committee or if the Committee so directs, the Eligibility Committee. The Eligibility Committee will report to the Compensation Committee not less frequently than annually the individuals it selects for participation.

2.2 **Enrollment Requirements**. As a condition to a selected Employee's participation, the Committee must receive, in accordance with the Committee's procedures, an Election Form during Open Enrollment or within thirty (30) days after he or she is first selected for participation in the Plan. In addition, the Committee may establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary. Notwithstanding the foregoing, an Employee shall be deemed to satisfy the enrollment requirements with respect to Discretionary Company Contributions by approval of a Discretionary Company Contribution for the Participant in accordance with Section 4.2.

2.3 **Eligibility; Commencement of Participation**. Provided an Employee selected to participate in the Plan has met all enrollment requirements set forth in this Plan and required by the Committee, the Employee shall commence participation in the Plan on the first day of the month following the month in which the Employee executes all enrollment requirements or such later date as the Committee shall determine in its sole discretion with respect to compensation paid for services performed after the election. If an Employee fails to meet all such requirements within the period required, in accordance with Section 2.2, that Employee shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Committee of the required documents; provided, however, that such Employee must continue to be eligible to participate in the Plan as determined by the Committee in its sole discretion.

2.4 **Termination of Participation**. Subject to Section 2.6, once an Employee has become a Participant in the Plan, his or her participation shall continue until the earlier of (i) payment in full of all benefits to which the Participant or his or her Beneficiary is entitled under the Plan or (ii) the occurrence of an event specified in Section 2.5 which results in loss of benefits. Except as otherwise specified in the Plan, the Company may not terminate an individual's participation in the Plan.

2.5 **Missing Persons**. If the Company is unable to locate a Participant or his or her Beneficiary for purposes of making a distribution, the amount of the Participant's benefits under this Plan that would otherwise be considered as non-forfeitable, shall be forfeited effective four (4) years after (i) the last date a payment of said benefit was made, if at least one such payment was made, or (ii) the first date a payment of said benefit was to be made pursuant to the terms of the Plan, if no payments had been made. If such person is located after the date of such forfeiture, the benefits for such Participant or Beneficiary shall not be reinstated hereunder.

2.6 **Changes in Employment Status**. If a Participant has a change in his or her employment responsibilities, title, compensation, and/or performance, such that the Participant would not qualify for initial participation in the Plan, as determined by the Committee in its sole discretion, (i) the Participant shall continue to defer his or her Annual Deferral Amount in accordance with the Participant's election for the Plan Year during which the change in employment responsibilities, title, compensation, and/or performance occurs, (ii) the Participant shall not be eligible to elect an Annual Deferral Amount or to be credited with a Discretionary Company Contribution in Plan Years following the Plan Year during which the change in employment responsibilities, title, compensation, and/or performance occurs unless and until the Participant again is selected to elect an Annual Deferral Amount, as determined by the Committee in its sole discretion, and (iii) the Participant shall otherwise continue to participate in the Plan.

2.7 **Participation upon Reemployment**. If a Participant terminates employment with all Affiliates and later becomes reemployed by an Affiliate, such reemployment shall not suspend or delay benefit payments such Participant is receiving or is eligible to receive under the Plan as a result of the Termination of Employment. Upon reemployment, the Participant shall not be eligible to make deferrals unless and until the Participant again qualifies for initial participation as determined by the Committee.

ARTICLE 3

Open Enrollment/ Annual Elections

3.1 **Elections**. A Participant shall complete an election for Salary and Bonus by completing and delivering an Election Form to the Committee during Open Enrollment for the Plan Year in the

case of Salary and for the applicable performance period in the case of Bonus. The Participant shall be entitled to elect the following:

(a) **Annual Deferral Amount**. For each Plan Year, a Participant may elect, subject to withholding described in Section 5.2(a), to defer Salary and Bonus according to the following schedule:

Deferral	Minimum Percentage	Maximum Percentage
Salary	0%	100%
Bonus	0%	100%

Timely receipt of an Election Form by the Committee is a condition to deferral of either Salary or Bonus. If no Election Form is timely received by the Committee, the applicable deferral percentage shall be zero.

(b) **Measurement Funds**. A Participant may elect one or more Measurement Fund(s) to be used to determine the amounts to be credited or debited to his or her Account Balance. If a Participant does not elect any Measurement Funds, the Participant's Annual Deferral Amount shall be allocated according to the Participant's most recent election. If a Participant has not previously elected any Measurement Fund, amounts will be credited or debited according to a default Measurement Fund as determined by the Committee, in its sole discretion.

(c) **Time and Form of Payment**. During the Open Enrollment for a Plan Year, a Participant may make a payment election designating the time of commencement of payment of the portion of the Participant's Account Balance attributable to his Annual Deferral Amount and Annual Company Matching Contributions for the Plan Year, and the form of payment (either lump sum or installments) for such portion according to the permissible distribution events provided under the Plan which may include any distribution or payment options provided for under Article 7. The time and form of payment of any Discretionary Company Contribution for an Employee for a Plan Year shall be established by the Committee at the time any such Discretionary Company Contribution is authorized.

3.2 **Effect of Elections/Changes to Elections**.

(a) **Irrevocable Deferral Elections**. Once a Plan Year has commenced, a Participant may not elect to change his or her deferral election that is in effect for that Plan Year, except if and to the extent permitted by the Committee and made in accordance with the provisions of Section 3.2(c) and Code section 409A specifically relating to a change and/or revocation of deferral elections related to a Participant's Disability or an Unforeseeable Financial Emergency or a hardship distribution under the Qualified Plan.

(b) **Allocations to Measurement Funds**. The Participant may add, delete or change allocations to one or more Measurement Funds used to determine the amounts to be credited or debited to his or her Account Balance by submitting an Election Form that is accepted by the Committee. Allocations may be made in one percent (1%) increments. Election changes will be applied as follows:

(i) **Change**s. Changes to allocations for future deferrals will be applied to the next contribution period following the date of the election.

(ii) **Exchanges**. Exchanges to allocations to Measurement Funds shall be applied at the close of the next market day following the date the election is received by the Committee.

(c) **Subsequent changes to Time and Form of Payment**. A Participant may elect one time to change the time or form of payment elected for his Deferral Account attributable to Annual Deferral Amounts for any Plan Year, and for his Company Matching Account attributable to Company Matching Contributions for any Plan Year, only in accordance with this Section 3.2(c). Any election under this Section 3.2(c) must comply with Code Section 409A and the regulations and other guidance thereunder. Except as permitted under this Plan with respect to an Unforeseeable Financial Emergency or as described in Section 7.5, a Participant may not elect to accelerate the date payment is to be made or commenced. A Participant may elect to delay the time payment is to be made or commenced, and may change the form of payment from lump sum to installments, or vice versa, only if the following conditions are met:

(i) the election is received by the Committee not less than twelve (12) months before the date payment would have otherwise been made or commenced without regard to this election;

(ii) the election shall not take effect until at least twelve (12) months after the date on which the election is received by the Committee; and

(iii) except in the case of payment on account of death or Disability, payment pursuant to the election shall not be made or commenced sooner than five (5) years from the date payment would have otherwise been made or commenced without regard to this election.

For these purposes, installment payments shall be treated as a single payment, with the result that an election to change from installments to a lump sum will require that the lump sum be postponed until a date which is at least five (5) years after the scheduled payment date of the first installment.

ARTICLE 4

Company Contribution Amounts/Vesting

4.1 **Annual Company Matching Contributions**. A Participant's Annual Company Matching Contributions for any Plan Year shall be determined by the Participant's Employer. In order to receive Annual Company Matching Contributions with respect to a Plan Year, the Participant shall have contributed through elective compensation deferrals in the Qualified Plan, an amount equal to the maximum deferral permitted under the Qualified Plan for the Plan Year, and shall be an Employee as of the last day of the Plan Year. If the Participant fulfills these requirements with respect to a Plan Year, the Annual Company Matching Contributions shall be equal to (i) the Employer matching contribution that would have been provided to the Participant in the Qualified Plan, assuming that the Annual Deferral Amount had been included in the definition of compensation in the Qualified Plan, and assuming further that the limitations of IRC Sections 401(a)(17), 402(g)(1) and 415 did not apply, minus (ii) the amount of the Employer matching contribution provided to the Participant during such Plan Year under the Qualified Plan. The

amount so credited to a Participant under this Plan shall be the Annual Company Matching Contributions for that Plan Year and shall be credited to the Participant's Company Matching Account on a date or dates to be determined by the Committee, in its sole discretion.

4.2 **Discretionary Company Contributions**. Apart from the Annual Company Matching Contribution, the Committee may make discretionary contributions for any Participant under this Plan at the times and in the amount(s) designated by the Participant's Employer, in its sole discretion. Amounts so credited to a Participant under this Plan shall be credited to the Participant's Discretionary Company Contributions Account.

4.3 **Vesting**.

(a) **Participant Contributions**. A Participant shall at all times be 100% vested in his or her Deferral Account.

(b) **Annual Company Matching Contributions**. A Participant's Company Matching Contributions Account shall be vested to the same extent as the Participant's matching contributions account under the Qualified Plan.

(c) **Discretionary Company Contributions**. Unless otherwise determined by the Committee prior to awarding any Discretionary Company Contributions, amounts credited to a Participant's Discretionary Company Contributions Account shall be vested to the same extent as the Participant's matching contributions account under the Qualified Plan.

ARTICLE 5

Crediting/Taxes

5.1 **Crediting/Debiting of Account Balances**. Subject to the rules and procedures that are established from time to time by the Committee, amounts shall be credited or debited to a Participant's Account Balance in accordance with the performance of the Measurement Funds selected by the Participant under Sections 3.1(b) and 3.2(b). The performance of such Measurement Funds (either positive or negative) shall be determined by the Committee in its sole discretion.

5.2 **Employer-Provided Benefits, FICA and Other Taxes**.

(a) **Annual Deferral Amounts**. For each Plan Year in which an Annual Deferral Amount is being withheld from a Participant, the Participant's Employer shall withhold from that portion of the Participant's Salary and Bonus, that are not being deferred, in a manner determined by the Employer, the Participant's share of any Employer-provided welfare and fringe benefits elected by the Participant and/or FICA or other employment taxes on such Annual Deferral Amount, as determined by the Committee in its sole discretion. If necessary, the Committee may reduce the Annual Deferral Amount in order to satisfy the Participant's election with respect to Employer-provided welfare and fringe benefits and the Employer's obligation to withhold FICA and other employment taxes.

(b) **Company Matching Account**. When a Participant becomes vested in a portion of his or her Company Matching Account the Participant's Employer shall withhold from the Participant's Salary and Bonus that are not being deferred, in a manner determined by the Employer, the Participant's share of FICA and/or other employment taxes, as determined

by the Committee in its sole discretion. If necessary, the Committee may reduce the vested portion of the Participant's Company Matching Account, as applicable, in order to comply with this Section 5.2.

(c) **Distributions**. A Participant's Employer, or the trustee of the Trust, shall withhold from any payments made to the Participant under this Plan all federal, state and local income, employment and other taxes required to be withheld by the Employer, or the trustee of the Trust, in connection with such payments, in amounts and in a manner to be determined in the sole discretion of the Employer, or the trustee of the Trust.

ARTICLE 6

Unforeseeable Financial Emergencies

If the Participant experiences an Unforeseeable Financial Emergency, the Participant may petition the Committee (i) to revoke deferrals of Salary and/or Bonus elected by such Participant or (ii) to revoke deferrals of Salary and Bonus elected by such Participant and receive a partial or full payout from the Plan. Any such payout shall not exceed the lesser of the Participant's vested Account Balance, calculated as if such Participant were receiving a Termination Benefit, or the amount reasonably needed to satisfy the Unforeseeable Financial Emergency. A Participant may not receive a payout from the Plan to the extent that the Unforeseeable Financial Emergency is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship or (iii) by revocation of deferrals under this Plan.

ARTICLE 7

Distributions/Payments

7.1 **In-Service Date-Based Distribution**.

(a) **Annual Contributions**. In connection with each election to defer Annual Contributions, a Participant may elect to receive an In-Service Distribution from the Plan with respect to all or a portion of such Annual Deferral Amounts credited for such Plan Year. The In-Service Distribution shall be a lump sum payment in an amount that is equal to the portion of the Annual Deferral Amounts that the Participant elected to have distributed as an In-Service Distribution, plus amounts credited or debited in the manner provided in Section 5.1 on that amount, calculated as of the close of business on or around the date on which the In-Service Distribution becomes payable, as determined by the Committee in its sole discretion.

(b) **Payment of In-Service Distributions**. Subject to the other terms and conditions of this Plan, each In-Service Distribution elected shall be paid out on the first Payment Date commencing immediately after the date designated by the Participant.

(c) **Other Benefits Take Precedence Over In-Service Distributions**. Should an event occur that triggers a benefit under this Article 7, Article 8 or Article 9, any Annual Deferral Amounts, plus amounts credited or debited thereon, that is subject to an In-Service Distribution election under Section 7.1 shall not be paid in accordance with Section 7.1 but shall be paid in accordance with the other applicable Article or Section.

7.2 **Disability Benefit**. A Participant may elect to receive a Disability Benefit equal to the Account Balance attributable to Annual Contributions for the Plan Year in one of the following forms: (i) a

single lump sum payment, or (ii) installment payments over one (1) to fifteen (15) years according to the Installment Method. If the Participant fails to make an election as to the time and form of payment for a Disability Benefit, the election shall default to a single lump sum payment.

7.3 **Termination Benefit**. A Participant may elect to receive a Termination Benefit equal to the vested Account Balance attributable to Annual Contributions for the Plan Year in one of the following forms: (i) a single lump sum payment, or (ii) installment payments over one (1) to fifteen (15) years according to the Installment Method. If the Participant fails to make an election as to the time and form of payment for a Termination Benefit, the election shall default to a single lump sum payment. Unless otherwise delayed according to Section 7.5, a Termination Benefit shall not be made before the date that is six (6) months after the date of the Participant's Termination of Employment (or, if earlier, the date of death of the Participant).

7.4 **Delay of Payment**. Notwithstanding any other provision in the Plan, the payment of amounts deferred under the Plan shall will be delayed as follows:

(a) **Application of Code section 162(m)**. If the Company reasonably anticipates that any portion of the benefit payable under the Plan to any Participant could be nondeductible under Code section 162(m) (or cause other amounts payable by the Company to be nondeductible under Code section 162(m)), then the payment of such portion of the benefit to such Participant shall be delayed until the earliest date on which the Company reasonably anticipates that the deduction will not be limited or eliminated by application of Code section 162(m), provided that where any scheduled payment to the Participant in the Company's taxable year is delayed in accordance with this paragraph, the delay in payment will be treated as a subsequent deferral election unless all scheduled payments to that Participant that could be delayed in accordance with this paragraph are also delayed. Where the payment is delayed to a date on or after the Participant's Termination of Employment, the payment will be considered a Termination Benefit payable at the time provided in Section 7.4. No election may be provided to a Participant with respect to the timing of the payment under this Section 7.5(a).

(b) **Other Event Permitted by Section 409A**. If the Committee so determines, payment of amounts under the Plan may be delayed as permitted under Code section 409A, as if stated in the Plan, for example, if the Company reasonably anticipates that making a payment will violate a term of any Company loan agreement, jeopardize the ability of the Company to continue as a going concern if paid as scheduled or the payment may violate securities laws (or other applicable law).

7.5 **Acceleration of Payment**. Notwithstanding any other provision in the Plan, the payment of amounts deferred under the Plan will be accelerated as follows:

(a) **De Minimis Payments**. Notwithstanding the foregoing, if at the time of the Participant's Termination of Employment, the Participant's vested Account Balance, and the Participant's entire interest under all other arrangements required to be aggregated with this Plan pursuant to Treasury Regulation section 1.409A-1(c)(2), is less than the applicable dollar amount under Code Section 402(g)(1)(B) ($15,500 for 2008), then the Participant's Account Balance shall be paid in a lump sum on the Payment Date of the seventh month after such Termination of Employment (or, if earlier, the date of death).

(b) **Other Events Permitted by Section 409A**. If the Committee so determines, in its sole discretion (without any direct or indirect election on the part of any Participant), the Committee may accelerate the date of distribution or commencement of distributions hereunder, or accelerate installment payments by paying the vested Account Balance in a lump sum or pursuant to a Installment Method using fewer years, to the extent permitted under Code section 409A (such as, for example, as provided in Section 1.409A-3(j)(4) of the Treasury regulations, to comply with domestic relations orders or certain conflict of interest rules, to pay employment taxes, to make a lump sum cashout of certain de minimis amounts that are less than the applicable dollar amount under Code section 402(g)(1)(B), or to make payments upon income inclusion under Code section 409A).

ARTICLE 8

Disability Waiver and Benefit

8.1 Disability Waiver.

(a) **Cancellation of Deferral**. Subject to Section 409A, if it is determined that a Participant is suffering from a Disability, such Participant's deferrals shall thereupon be cancelled by the later of the end of the Plan Year or the fifteenth day of the third month following the date the Participant incurs a Disability.

(b) **Return to Work**. If a Participant returns to employment with the Employer after a Disability ceases, the Participant may elect to defer an Annual Deferral Amount for the Plan Year following his or her return to employment and for every Plan Year thereafter while a Participant in the Plan, provided such deferral elections are otherwise allowed and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.1 above.

8.2 **Disability Benefit**. Upon a determination that a Participant is Disabled, Participant shall receive payments according to the Participant's election for Disability Benefit under Section 7.2. Unless otherwise delayed according to Section 7.5, a Disability Benefit shall commence on the first regular payment date following a forty-five (45) day period following the date the Participant incurred a Disability.

ARTICLE 9

Survivor Benefit

9.1 **Survivor Benefit**. A Participant's Beneficiary(ies) shall receive a benefit upon the Participant's death which will be equal to (i) the Participant's vested Account Balance, determined as of the date before the applicable Payment Date, if the Participant dies prior to his or her Termination of Employment or Disability, or (ii) the Participant's unpaid Termination Benefit or Disability Benefit, determined as of the date before the applicable Payment Date, if the Participant dies before his or her Termination Benefit or Disability Benefit is paid in full (the "Survivor Benefit").

9.2 **Payment of Survivor Benefit**. The Survivor Benefit shall be paid to the Participant's Beneficiary(ies) in a lump sum payment on the first Payment Date after a 45-day period following the date on which the Company is provided with proof that the satisfactory to the Committee of the Participant's death.

ARTICLE 10

Beneficiary Designation

10.1 **Beneficiary**. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive benefits payable under the Plan upon the death of such a Participant. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designated under any other plan of an Employer in which the Participant participates.

10.2 **Beneficiary Designation; Change of Beneficiary Designation**. A Participant shall designate his or her Beneficiary by completing and delivering the Beneficiary Designation Form to the Committee or its designated agent. A Participant shall have the right to change a Beneficiary by completing and delivering a new Beneficiary Designation Form to the Committee. Upon the acceptance by the Committee of a new Beneficiary Designation Form, all Beneficiary designations previously filed shall be canceled. The Committee shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death. No designation or change in designation of a Beneficiary shall be effective until received by the Committee or its designated agent. In the event a Participant becomes divorced or legally separated from his or her spouse, any Beneficiary Designation Form designating such spouse as a beneficiary shall automatically be null and void as of the date of such divorce or legal separation; provided, however, that the Participant may designate such spouse (or former spouse) as a beneficiary under a new Beneficiary Designation Form.

10.3 **No Beneficiary Designation**. If a Participant fails to designate a Beneficiary as provided in Sections 10.1 and 10.2 above or, if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's Beneficiary shall be his or her surviving spouse. If the Participant has no surviving spouse, the Participant's Survivor Benefit shall be payable to the executor or personal representative of the Participant's estate.

10.4 **Doubt as to Beneficiary**. If the Committee has any doubt as to the proper Beneficiary with respect to a Participant, the Committee shall have the right, exercisable in its discretion, to withhold payments until this matter is resolved to the Committee's satisfaction.

ARTICLE 11

Leave of Absence

11.1 **Paid Leave of Absence**. If a Participant is on a paid leave of absence authorized by the Participant's Employer, (i) the Participant shall continue to be considered eligible for the benefits provided in Articles 6, 7 or 8 in accordance with the provisions of those Articles, and (ii) the Annual Deferral Amount subject to a deferral election shall continue to be withheld during such paid leave of absence in accordance with Section 3.1.

11.2 **Unpaid Leave of Absence**. If a Participant is authorized by the Participant's Employer to take an unpaid leave of absence from the employment of the Employer for any reason, such Participant shall continue to be eligible for the benefits provided in Articles 6, 7 or 8 in accordance with the provisions of those Articles. However, the Participant shall be excused from fulfilling the Annual Deferral Amount commitment that would otherwise have been withheld during the remainder of the Plan Year in which the unpaid leave of absence is taken. During the unpaid leave of absence, the Participant shall not be allowed to make any additional deferral elections. However, if the Participant returns to active employment, the Participant may make deferral elections during the next Open Enrollment provided the Participant is selected by the Committee as eligible to make a deferral election and an Election Form is delivered to and accepted by the Committee for each such election in accordance with Section 3.1 above.

ARTICLE 12

Termination, Amendment or Modification

12.1 **Termination**. Although the Company anticipates that it will continue the Plan for an indefinite period of time, there is no guarantee that the Company will continue the Plan or will not terminate the Plan at any time in the future. Accordingly, the Company reserves the right to terminate and liquidate the Plan in the event of a corporate dissolution, change in control, or other event in accordance with Treas. Reg. §1.409A-3(j)(4)(ix).

12.2 **Amendment**. The Company may, at any time, amend or modify the Plan in whole or in part by the action of the Board; provided, however, that: (i) no amendment or modification shall be effective to decrease or restrict the value of a Participant's vested Account Balance in existence at the time the amendment or modification is made, calculated as if the Participant had experienced a Termination of Employment as of the effective date of the amendment or modification; and (ii) no amendment or modification of this Section 12.2 shall be effective. The amendment or modification of the Plan shall not affect any Participant or Beneficiary who has become entitled to the payment of benefits under the Plan as of the date of the amendment or modification.

12.3 **Release**. Any payment of benefits to or for the benefit of a Participant or Beneficiaries that is made in good faith by the Company in accordance with the Company's interpretation of its obligations hereunder shall be in full satisfaction of all claims against the Company for benefits under this Plan to the extent of such payment.

12.4 **Amendment to Ensure Proper Characterization of the Plan**. Notwithstanding the previous Sections of this Article 12, the Plan may be amended at any time, retroactively if determined by the Committee to be necessary, in order to conform the Plan to the provisions of Code Section 409A and to ensure that amounts under the Plan are not considered to be taxed to a Participant under the Federal income tax laws prior to the Participant's receipt of the amounts or to conform the Plan and the Trust to the provisions and requirements of any applicable law (including ERISA and the Code).

ARTICLE 13

Administration

13.1 **Administration**. Except as otherwise provided herein, the Plan shall be administered by the Committee.

13.2 **Powers of the Committee**. In addition to the other powers granted under the Plan, the Committee shall have all powers necessary to administer the plan, including without limitation, powers:

(a) to interpret the provisions of this Plan;

(b) to establish and revise the method of accounting for the Plan and to maintain the Accounts; and

(c) to establish rules for the administration of the Plan and to prescribe any forms required to administer the Plan.

Not in limitation, but in amplification of the foregoing and of the authority conferred upon the Committee in Section 13.1, the Company specifically intends that the Committee 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 Committee 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 Company or any member of the Committee. The Committee may, in its sole discretion, discontinue, substitute or add a Measurement Fund. Each such action will take effect as of the first day of the first calendar quarter that begins at least thirty (30) days after the day on which the Committee gives Participants advance written notice of such change.

13.3 **Delegation**. The Committee, or any officer of the Company designated by the Committee, shall have the power to delegate specific duties and responsibilities to officers or other employees of the Company or other individuals or entities. Any delegation may be rescinded by the Committee at any time. Each person or entity to whom a duty or responsibility has been delegated shall be responsible for the exercise of such duty or responsibility and shall not be responsible for any act or failure to act of any other person or entity.

13.4 **Binding Effect of Decisions**. The decision or action of the Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having or claiming to have any interest or right in the Plan.

13.5 **Indemnity of Committee**. The Company shall indemnify and hold harmless the members of the Committee and any employee of an Affiliate or entity to whom the duties of the Committee may be delegated against any and all claims, losses, damages, expenses or liabilities arising from any action or failure to act with respect to this Plan, except in the case of willful misconduct by the Committee, any of its members, any such employee or entity.

13.6 **Employer Information**. To enable the Committee to perform its functions, the Company and each Employer shall supply full and timely information to the Committee on all matters relating to the compensation of its Participants, the date and circumstances of the Disability, death or Termination of Employment of its Participants, and such other pertinent information as the Committee may reasonably require.

13.7 **Reports and Records**. The Committee and those to whom the Committee has delegated duties under the Plan, shall keep records of all of their proceedings and actions, and shall maintain books of account, records, and other data as shall be necessary for the proper administration of the Plan and for compliance with applicable law.

ARTICLE 14

Claims Procedures

14.1 **Presentation of Claim**. Any Participant or Beneficiary of a deceased Participant (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Committee a written claim for a determination with respect to the amounts the Claimant believes are distributable to him or her from the Plan. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant.

14.2 **Notification of Decision**. The Committee shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. The Committee shall notify the Claimant in writing:

(a) that the Claimant's requested determination has been made, and that the claim has been allowed in full; or

(b) that the Committee has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant:

(i) the specific reason(s) for the denial of the claim, or any part of it;

(ii) specific reference(s) to pertinent provisions of the Plan upon which such denial was based;

(iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary;

(iv) an explanation of the claim review procedure set forth in Section 14.4 below; and

(v) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review.

14.3 **Review of a Denied Claim**. On or before sixty (60) days after receiving notice from the Committee that a claim has been denied, in whole or in part, a Claimant (or the Claimant's duly authorized representative) may file with the Committee a written request for review of the denial of the claim. The Claimant (or the Claimant's duly authorized representative):

(a) may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits;

(b) may submit written comments or other documents; and/or

(c) may request a hearing, which the Committee, in its sole discretion, may grant.

14.4 **Decision on Review**. The Committee shall render its decision on review promptly, and no later than sixty (60) days after the Committee receives the Claimant's written request for a review of the denial of the claim. If the Committee determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the benefit determination. In rendering its decision, the Committee shall take into account all comments, documents, records and other information

submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain:

(a) specific reasons for the decision;

(b) specific reference(s) to the pertinent Plan provisions upon which the decision was based;

(c) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant's claim for benefits; and

(d) a statement of the Claimant's right to bring a civil action under ERISA Section 502(a).

14.5 **Legal Action**. A Claimant's compliance with the foregoing provisions of this Article 14 is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under this Plan. No legal action with respect to any claim for benefits under this Plan may be commenced more than one year after a final decision on review of the claim.

ARTICLE 15

Funding

15.1 **Source of Benefits**. All benefits under the Plan shall be paid when due by the Company out of its assets or by a trustee from a trust established by the Company for that purpose. The Company may, but shall have no obligations to, make such advance provision for the payment of such benefit as the Board may from time to time consider appropriate.

15.2 **Trust**.

(a) **Establishment of the Trust**. In order to provide assets from which to fulfill the obligations to the Participants and their Beneficiaries under the Plan, the Company may establish a Trust by a trust agreement with a third party trustee, to which each Employer may, in its discretion, contribute cash or other property, including securities issued by the Company, to provide for the benefit payments under the Plan.

(b) **Interrelationship of the Plan and the Trust**. The provisions of the Plan and the Participant's Election Forms shall govern the rights of a Participant to receive distributions pursuant to the Plan. The provisions of a Trust shall govern the rights of the Employers, Participants and the creditors of the Employers to the assets transferred to the Trust. Each Employer shall at all times remain liable to carry out its obligations under the Plan.

(c) **Distributions From the Trust**. Each Employer's obligations under the Plan may be satisfied with Trust assets distributed pursuant to the terms of a Trust, and any such distribution shall reduce the Employer's obligations under this Plan.

15.3 **No Claim on Specific Assets**. No Participant shall be deemed to have, by virtue of being a Participant in the Plan, any claim on any specific assets of the Company such that the Participant would be subject to income taxation on his or her benefits under the Plan prior to distribution, and the rights of Participants and Beneficiaries to benefits to which they are otherwise entitled under the Plan shall be those of an unsecured creditor of the Company.

15.4 **Unfunded**. This Plan is unfunded and payable solely from the general assets of the Company. The Participants and Beneficiaries shall be unsecured creditors of the Company with respect to their interests in the Plan.

ARTICLE 16

Miscellaneous

16.1 **Status of Plan**. The Plan is intended to be a plan that is not qualified within the meaning of Code Section 401(a) and that "is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of ERISA Sections 201(2), 301(a)(3) and 401(a)(1). The Plan shall be administered and interpreted to the extent possible in a manner consistent with that intent.

16.2 **Employer's Liability**. An Employer's liability for the payment of benefits shall be defined only by the Plan. An Employer shall have no obligation to a Participant under the Plan except as expressly provided in the Plan.

16.3 **Nonassignability**. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate, alienate or convey in advance of actual receipt, the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are expressly declared to be, unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure, attachment, garnishment or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency or be transferable to a spouse as a result of a property settlement or otherwise, except as provided in Section 16.14.

16.4 **Withholding**. The Company may withhold from any payment of benefits under the Plan such amounts as the Company determines are reasonably necessary to pay any taxes (and interest thereon) required to be withheld or for which the Company may become liable under applicable law. Any amounts withheld pursuant to this Section 16.4 in excess of the amount of taxes due (and interest thereon) shall be paid to the Participant or Beneficiary upon final determination, as determined by the Company, of such amount. No interest shall be payable by the Company to any Participant or Beneficiary by reason of any amounts withheld pursuant to this Section 16.4.

16.5 **Section 409A Compliance**. To the extent provisions of this Plan do not comply with 409A of the Code, the non-compliant provisions shall be interpreted and applied in the manner that complies with 409A of the Code and implements the intent of this Plan as closely as possible.

16.6 **Not a Contract of Employment**. The terms and conditions of this Plan shall not be deemed to constitute a contract of employment between any Employer and the Participant. Such employment is hereby acknowledged to be an "at will" employment relationship that can be terminated at any time for any reason, or no reason, with or without cause, and with or without notice, unless expressly provided in a written employment agreement. Nothing in this Plan shall be deemed to give a Participant the right to be retained in the service of any Employer or to interfere with the right of any Employer to discipline or discharge the Participant at any time.

16.7 **Furnishing Information**. A Participant or his or her Beneficiary will cooperate with the Committee by furnishing any and all information requested by the Committee and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments

of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary.

16.8 **Terms**. Whenever any words are used herein in the masculine, they shall be construed as though they were in the feminine in all cases where they would so apply; and whenever any words are used herein in the singular or in the plural, they shall be construed as though they were used in the plural or the singular, as the case may be, in all cases where they would so apply.

16.9 **Captions**. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions.

16.10 **Governing Law**. Subject to ERISA, the provisions of this Plan shall be construed and interpreted according to the internal laws of the State of Missouri without regard to its conflicts of laws principles.

16.11 **Notice**. Any notice or filing required or permitted to be given to the Committee under this Plan shall be sufficient if in writing and hand-delivered, or sent by registered or certified mail, to the address below:

H&R Block, Inc.

Attn: Corporate Secretary

One H&R Block Way

Kansas City, MO 64105

Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification.

Any notice or filing required or permitted to be given to a Participant under this Plan shall be sufficient if in writing and hand-delivered, or sent by mail, to the last known address of the Participant.

16.12 **Successors**. The provisions of this Plan shall bind and inure to the benefit of the Participant's Employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries.

16.13 **Spouse's Interest**. The interest in the benefits hereunder of a spouse or former spouse of a Participant who has predeceased the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession.

16.14 **Validity**. In case any provision of this Plan shall be illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal or invalid provision had never been inserted herein.

16.15 **Incompetent**. If the Committee determines in its discretion that a benefit under this Plan is to be paid to a minor, a person declared incompetent or to a person incapable of handling the disposition of that person's property, the Committee may direct payment of such benefit to the guardian, legal representative or person having the care and custody of such minor, incompetent or incapable person. The Committee may require proof of minority, incompetence, incapacity or guardianship, as it may deem appropriate prior to distribution of the benefit. Any payment of a benefit shall be a payment for the account of the Participant and the Participant's Beneficiary, as

the case may be, and shall be a complete discharge of any liability under the Plan for such payment amount.

16.16 **Court Order**. The Committee is authorized to make any payments directed by court order in any action in which the Plan or the Committee has been named as a party. In addition, if a court determines that a spouse or former spouse of a Participant has an interest in the Participant's benefits under the Plan in connection with a property settlement or otherwise, the Committee, in its sole discretion, shall have the right, notwithstanding any election made by a Participant, to immediately distribute the spouse's or former spouse's interest in the Participant's benefits under the Plan to that spouse or former spouse.

16.17 **Distribution in the Event of Taxation**. If, for any reason, all or any portion of a Participant's benefits under this Plan becomes taxable to the Participant prior to receipt, a Participant may petition the Committee for a distribution of that portion of his or her benefit that has become taxable. Upon the grant of such a petition, which grant shall not be unreasonably withheld, an Employer shall distribute, or shall cause the Trustee to distribute, to the Participant immediately available funds in an amount equal to the taxable portion of his or her benefit (which amount shall not exceed a Participant's unpaid vested Account Balance under the Plan). If the petition is granted, the distribution of that portion of his or her benefit that has become taxable shall be made within 90 days of the date when the Participant's petition is granted. Such a distribution shall affect and reduce the benefits to be paid under this Plan.

16.18 **Insurance**. An Employer, on its own behalf or on behalf of the trustee of a Trust, and, in its sole discretion, may apply for and procure insurance on the life of the Participant, in such amounts and in such forms as it may choose. An Employer or the trustee of a Trust, as the case may be, shall be the sole owner and beneficiary of any such insurance. No Participant shall have any interest whatsoever in any such policy or policies, and at the request of an Employer or trustee desiring to purchase such insurance a Participant shall submit to medical examinations and supply such information and execute such documents as may be required by the insurance company or companies to whom the Employer or trustee have applied for insurance.

16.19 **Aggregation of Employers**. If the Company is a member of a controlled group of corporations or a group of trades or business under common control (as described in Code Section 414(b) or (c), but substituting a fifty percent (50%) ownership level for the eighty percent (80%) level set forth in those Code Sections), all members of the group shall be treated as a single Company for purposes of whether there has occurred a Termination of Employment and for any other purposes under the Plan as Section 409A shall require.

16.20 **Aggregation of Plans**. If the Company offers other account balance deferred compensation plans in addition to the Plan, those plans together with the Plan shall be treated as a single plan to the extent required under Section 409A for purposes of determining whether an Employee may make a deferral election pursuant to Section 3.3(a) within thirty (30) days of becoming eligible to participate in the Plan and for any other purposes under the Plan as Section 409A shall require.

16.21 **USERRA**. Notwithstanding anything herein to the contrary, any deferral or distribution election provided to a Participant as necessary to satisfy the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994, as amended, shall be permissible hereunder.

Exhibit 31.1

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

I, Alan M. Bennett, 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 principals;

(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 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: September 3, 2010

/s/ Alan M. Bennett
Alan M. Bennett
Chief Executive Officer

H&R Block, Inc.

Exhibit 31.2

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

I, Jeffrey T. Brown, acting 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 principals;

(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 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: September 3, 2010

/s/ Jeffrey T. Brown
Jeffrey T. Brown
Vice President, Corporate Controller, Acting

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 July 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alan M. Bennett, 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/ Alan M. Bennett
Alan M. Bennett
Chief Executive Officer

H&R Block, Inc.

September 3, 2010

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 July 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey T. Brown, acting 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/ Jeffrey T. Brown
Jeffrey T. Brown
Vice President, Corporate Controller,

Acting Chief Financial Officer

H&R Block, Inc.

September 3, 2010