

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (date of earliest event reported): December 23, 2010

H&R BLOCK, INC.

(Exact name of registrant as specified in charter)

Missouri
(State of Incorporation)

1-6089
(Commission File Number)

44-0607856
(I.R.S. Employer
Identification Number)

One H&R Block Way, Kansas City, MO 64105
(Address of Principal Executive Offices) (Zip Code)

(816) 854-3000
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.02. Termination of a Material Definitive Agreement.

On December 23, 2010, H&R Block, Inc. and certain of its subsidiaries (collectively, “Block”) received from HSBC Taxpayer Financial Services, Inc. and certain of its affiliates (collectively, “HSBC”) a notice of termination (the “Notice of Termination”), effective December 23, 2010, terminating the following agreements between Block and HSBC:

- HSBC Retail Settlement Products Distribution Agreement dated as of September 23, 2005, as amended;
- HSBC Digital Settlement Products Distribution Agreement dated as of September 23, 2005, as amended;
- Joinder and First Amendment to Program Contracts dated as of November 10, 2006;
- Second Amendment to Program Contracts dated as of November 13, 2006;
- Third Amendment to Program Contracts dated as of December 5, 2008; and
- Second Amended and Restated HSBC Refund Anticipation Loan Participation Agreement dated as of January 12, 2010.

The transactions contemplated by the foregoing agreements are referred to collectively herein as the “HSBC Settlement Products Program.” Under the HSBC Settlement Products Program, HSBC Bank originated refund anticipation loans (“RALs”) and issued refund anticipation checks (“RACs”) to eligible clients of H&R Block company-owned and franchise offices and clients who utilized tax preparation products or services through other H&R Block distribution channels. See “Description of Business—Tax Services” in Item 1 of the Company’s Form 10-K for the fiscal year ended April 30, 2010 for a description of RAL and RAC services and products offered pursuant to the HSBC Settlement Products Program. A copy of the Notice of Termination is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

HSBC provided the Notice of Termination as a result of a directive from the Office of the Comptroller of Currency, HSBC Bank USA, National Association’s banking supervisory agency, immediately prohibiting HSBC from offering any form of RALs.

A copy of the Company’s press release regarding the Notice of Termination is furnished as Exhibit 99.2 to this Current Report on Form 8-K.

9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
<u>99.1</u>	<u>Notice from HSBC to Block dated December 23, 2010.</u>
<u>99.2</u>	<u>Press release issued December 24, 2010.</u>

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 hereunto duly authorized.

Date: December 27, 2010

H&R BLOCK, INC.

By: /s/ Andrew J. Somora
Andrew J. Somora
Secretary

EXHIBIT INDEX

99.1 Notice from HSBC to Block dated December 23, 2010.
99.2 Press release issued December 24, 2010.



Susan E. Artmann
President

December 23, 2010

Via Facsimile 816-854-8500
HRB Tax Group, Inc.
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Via Facsimile 816-854-8500
H&R Block Tax Services LLC
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Via Facsimile 816-854-8500
H&R Block Enterprises LLC
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Via Facsimile 816-854-8500
H&R Block Eastern Enterprises, Inc.
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Via Facsimile 816-854-8500
HRB Digital LLC
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Via Facsimile 816-854-8500
HRB Innovations, Inc.
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Via Facsimile 816-854-8500
Block Financial LLC
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Via Facsimile 816-854-8500
H&R Block, Inc.
One H&R Block Way
Kansas City, MO 64105
Attn: President and General Counsel

Re: Notice of Termination of Program Contracts Pursuant to Section 17.2(e) of the Retail Distribution Agreement

Ladies and Gentlemen:

I write to notify you that the HSBC Companies hereby terminate, effective immediately, the HSBC Retail Settlement Products Distribution Agreement dated September 23, 2005 as amended to date (the "Retail Distribution Agreement") and certain other Program Contracts based on a "change in Law" pursuant to Section 17.2(e) of the Retail Distribution Agreement.¹

Section 17.2(e) of the Retail Distribution Agreement provides that the HSBC Companies may terminate the Retail Distribution Agreement and certain other Program Contracts in the event that offering RALs becomes "commercially infeasible" for HSBC based on a "change in Law (other than the removal of the Debt Indicator) that creates a Material Adverse Effect." As we have discussed, there has been a change in Law that creates a Material Adverse Effect and makes offering RALs commercially infeasible for HSBC. Accordingly, pursuant to Section 17.2(e), the HSBC Companies hereby terminate, effective immediately, the Retail Distribution Agreement and all other Program Contracts as amended to date, except (i) the Servicing Agreement, (ii) the Agreement dated September 23, 2005 between H&R Block, Inc. and HSBC Finance Corporation relating to possible claims for indemnification or contribution arising with respect to certain Released Claims, and (iii) the Agreement and Mutual Release dated December 14, 2010.

¹ Capitalized terms used in this letter and not otherwise defined herein shall have the meanings given to such terms in the Appendix of Defined Terms and Rules of Construction attached to the Retail Distribution Agreement.

Sincerely,

Susan E. Artmann
President
HSBC Taxpayer Financial Services, Inc.

Sent on behalf of HSBC Companies:
HSBC Taxpayer Financial Services Inc.
HSBC Finance Corporation
HSBC Bank USA, National Association
HSBC Trust Company (Delaware), N.A.

cc: Mike W. Lochmann (via fax 816-691-3495)

HSBC Taxpayer Financial Services

200 Somerset Corporate Boulevard, Bridgewater, NJ 08807
Tel: (908) 203-2414 Fax: (908) 203-4207
susan.e.artmann@us.hsbc.com



H&R BLOCK®

News Release

HSBC Terminates Agreement to Provide RALs at Direction of OCC

H&R Block (NYSE:HRB) to provide alternative products

For Immediate Release: Dec. 24, 2010

KANSAS CITY, MO. -- As a result of a regulatory directive by the Office of the Comptroller of the Currency ("OCC"), HSBC has given notice to H&R Block that it is immediately terminating the parties' long-term contract under which HSBC provided all of H&R Block's refund anticipation loans ("RALs") and some of its refund anticipation checks ("RACs"). As a result, HSBC will no longer provide RALs or RACs to H&R Block clients. At the same time, HSBC's exclusive right to provide such products has also ended, thereby enabling H&R Block to enter into other partnerships for financial products that were previously precluded. The contract termination is the result of a directive from the OCC, HSBC's banking supervisory agency, immediately prohibiting HSBC from offering any form of RALs.

H&R Block will continue to offer all its customers its traditional RACs that do not require any out-of-pocket costs by taxpayers at the time the tax return is filed. Additionally, the company provides direct deposit accounts through its Emerald Card program that allow customers to avoid the delay and cost of paper checks and check-cashing charges through electronic transfers of tax refund proceeds. H&R Block also provides various other programs to its tax preparation clients, such as its Emerald Advance revolving line of credit product that has been used by more than 4 million customers.

"As a result of the OCC's decision, millions of taxpayers will be deprived of credit, or they will be forced to use higher-priced alternatives, without the slightest benefit to the solvency of HSBC or the banking system in general," said Alan Bennett, H&R Block's president and CEO. "While we are very disappointed by this decision, we have been preparing for the loss of RALs, so we have several other financial products available and under development for this tax season. We are working around the clock to give our company and franchise teams the best tools we can to fill the void for our clients created by the OCC's action. The OCC's 11th hour timing will make it difficult for us to put alternative products in place at all of our locations in time for the early part of the 2011 tax season, but we will spare no effort to do so. Our clients, our tax preparers and our franchisees deserve nothing less."

Prior to the OCC's recent action, H&R Block and HSBC had reached agreement on a proposal that would have allowed HSBC to honor its contractual obligations to H&R Block during tax season 2011. Under the revised terms agreed upon by both parties, H&R Block would have in effect covered essentially all credit defaults experienced by HSBC, thereby making H&R Block's credit rather than the taxpayer's refund the ultimate source of repayment to HSBC. The proposed new terms would have made it nearly impossible for HSBC to suffer any financial losses. In addition, H&R Block agreed at its own expense to fund "Instant RALs" at a substantially reduced rate to consumers. The total cost to the consumer of a \$1,500 Instant RAL under the proposed terms rejected by the OCC would have been \$46, which is approximately 62 percent less expensive for consumers than the products being offered this year by competitors through a few banks that are regulated by the Federal Deposit Insurance Corporation (FDIC) that will apparently continue despite the OCC directive to HSBC.

For Further Information

Media Relations

Jennifer Love, 816-854-4287, mediadesk@hrblock.com

Investor Relations

Derek Drysdale, 816-854-4513, derek.drysdale@hrblock.com

About H&R Block

H&R Block Inc. (NYSE: HRB) is one of the world's largest tax services providers, having prepared more than 550 million tax returns worldwide since 1955. In fiscal 2010, H&R Block had annual revenues of \$3.9 billion and prepared more than 23 million tax returns worldwide, utilizing more than 100,000 highly trained tax professionals. The Company provides tax return preparation services in person, through H&R Block At Home™ online and desktop software products, and through other channels. The Company is also one of the leading providers of business services through RSM McGladrey. For more information, visit our [Online Press Center](#).

Forward Looking Statements

This announcement may contain forward-looking statements, which are any statements that are not historical facts. These forward-looking statements are based upon the Company's current expectations and there can be no assurance that such expectations will prove to be correct. Because forward-looking statements involve risks and uncertainties and speak only as of the date on which they are made, the Company's actual results could differ materially from these statements. These risks and uncertainties relate to, among other things, uncertainties regarding the Company's ability to attract and retain clients; meet its prepared returns targets; uncertainties and potential contingent liabilities arising from our former mortgage loan origination and servicing business; uncertainties in the residential mortgage market and its impact on loan loss provisions; uncertainties pertaining to the commercial debt market; competitive factors; the Company's effective income tax rate; litigation defense expenses and costs of judgments or settlements; uncertainties regarding the level of share repurchases; and changes in market, economic, political or regulatory conditions. Information concerning these risks and uncertainties is contained in Item 1A of the Company's 2010 annual report on Form 10-K and in other filings by the Company with the Securities and Exchange Commission. The Company does not undertake any duty to update any forward-looking statements, whether as a result of new information, future events, or otherwise.