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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 January 31, 2009

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

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

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

One H&R Block Way
Kansas City, Missouri 64105
(Address of principal executive offices, including zip code)

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

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

Yes ☐ No ☐

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

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller Reporting company ☐

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☐

The number of shares outstanding of the registrant's Common Stock, without par value, at the close of business on February 28, 2009 was 339,666,500 shares.

Form 10-Q for the Period Ended January 31, 2009

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

	January 31, 2009 (Unaudited)	April 30, 2008
ASSETS		
Cash and cash equivalents	$ 1,269,203	$ 664,897
Cash and cash equivalents – restricted	75,893	7,031
Receivables, less allowance for doubtful accounts of $85,327 and $120,155	2,642,951	534,229
Prepaid expenses and other current assets	425,042	420,738
Assets of discontinued operations, held for sale	-	987,592
Total current assets	4,413,089	2,614,487
Mortgage loans held for investment, less allowance for loan losses of $75,615 and $45,401	781,755	966,301
Property and equipment, at cost, less accumulated depreciation and amortization of $642,220 and $620,460	383,704	363,664
Intangible assets, net	394,106	147,368
Goodwill	848,443	831,314
Other assets	480,795	700,291
Total assets	$ 7,301,892	$ 5,623,425
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Short-term borrowings	$ 690,485	$ -
Customer banking deposits	2,115,708	785,624
Accounts payable, accrued expenses and other current liabilities	734,755	739,887
Accrued salaries, wages and payroll taxes	206,959	365,712
Accrued income taxes	143,791	439,380
Current portion of long-term debt	9,030	7,286
Federal Home Loan Bank borrowings	104,000	129,000
Liabilities of discontinued operations, held for sale	-	644,446
Total current liabilities	4,004,728	3,111,335
Long-term debt	2,002,647	1,031,784
Other noncurrent liabilities	454,512	492,488
Total liabilities	6,461,887	4,635,607
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, shares issued of 444,176,510 and 435,890,796	4,442	4,359
Additional paid-in capital	835,329	695,959
Accumulated other comprehensive income (loss)	(16,614)	2,486
Retained earnings	2,015,650	2,384,449
Less treasury shares, at cost	(1,998,802)	(2,099,435)
Total stockholders' equity	840,005	987,818
Total liabilities and stockholders' equity	$ 7,301,892	$ 5,623,425

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 January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Revenues:				
Service revenues	$799,687	$710,250	$1,356,744	$1,267,924
Other revenues:				
Product and other revenues	135,155	137,444	166,582	176,232
Interest income	58,604	47,110	93,498	101,358
	993,446	894,804	1,616,824	1,545,514
Operating expenses:				
Cost of services	572,854	552,807	1,272,762	1,264,880
Cost of other revenues	111,713	96,234	216,890	194,929
Selling, general and administrative	208,814	247,320	464,054	514,403
	893,381	896,361	1,953,706	1,974,212
Operating income (loss)	100,065	(1,557)	(336,882)	(428,698)
Other income (expense), net	1,674	1,973	(1,802)	19,792
Income (loss) from continuing operations before income taxes (benefit)	101,739	416	(338,684)	(408,906)
Income taxes (benefit)	34,909	(6,674)	(143,930)	(168,893)
Net income (loss) from continuing operations	66,830	7,090	(194,754)	(240,013)
Net loss from discontinued operations	(19,467)	(54,448)	(26,476)	(612,196)
Net income (loss)	$ 47,363	$ (47,358)	$ (221,230)	$ (852,209)
Basic earnings (loss) per share:				
Net income (loss) from continuing operations	$ 0.20	$ 0.02	$ (0.59)	$ (0.74)
Net loss from discontinued operations	(0.06)	(0.17)	(0.08)	(1.89)
Net income (loss)	$ 0.14	$ (0.15)	$ (0.67)	$ (2.63)
Basic shares	337,338	325,074	331,429	324,544
Diluted earnings (loss) per share:				
Net income (loss) from continuing operations	$ 0.20	$ 0.02	$ (0.59)	$ (0.74)
Net loss from discontinued operations	(0.06)	(0.16)	(0.08)	(1.89)
Net income (loss)	$ 0.14	$ (0.14)	$ (0.67)	$ (2.63)
Diluted shares	338,687	327,202	331,429	324,544
Dividends per share	$ 0.15	$ 0.14	$ 0.44	$ 0.42
Comprehensive income (loss):				
Net income (loss)	$ 47,363	$ (47,358)	$ (221,230)	$ (852,209)
Change in unrealized gain on available-for-sale securities, net	(1,707)	381	(4,271)	1,544
Change in foreign currency translation adjustments	(3,671)	(1,860)	(14,829)	(572)
Comprehensive income (loss)	$ 41,985	$ (48,837)	$ (240,330)	$ (851,237)

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, amounts in 000s)

Nine Months Ended January 31,	2009	2008
Cash flows from operating activities:		
Net loss	$ (221,230)	$ (852,209)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	90,455	82,710
Stock-based compensation	20,364	30,131
Change in participation in tax client loans receivable	(1,048,993)	(1,693,506)
Operating cash flows of discontinued operations	99,425	(34,297)
Other, net of business acquisitions	(1,363,583)	(872,946)
Net cash used in operating activities	(2,423,562)	(3,340,117)
Cash flows from investing activities:		
Principal repayments on mortgage loans held for investment, net	72,150	106,721
Purchases of property and equipment, net	(73,913)	(77,226)
Payments made for business acquisitions, net of cash acquired	(290,868)	(23,835)
Net cash provided by (used in) investing activities of discontinued operations:		
Proceeds from sale of operating unit, net	303,983	-
Other	(48,917)	(1,675)
Other, net	23,839	7,382
Net cash provided by (used in) investing activities	(13,726)	11,367
Cash flows from financing activities:		
Repayments of commercial paper	-	(5,125,279)
Proceeds from issuance of commercial paper	-	4,133,197
Repayments of other short-term borrowings	(928,983)	(2,161,177)
Proceeds from other short-term borrowings	2,565,281	5,097,662
Proceeds from issuance of Senior Notes	-	599,376
Customer deposits, net	1,326,584	828,872
Dividends paid	(147,569)	(137,049)
Acquisition of treasury shares	(7,387)	(7,237)
Proceeds from exercise of stock options	69,891	14,527
Proceeds from issuance of common stock, net	141,450	-
Net cash provided by financing activities of discontinued operations	4,783	634,208
Other, net	17,544	(32,331)
Net cash provided by financing activities	3,041,594	3,844,769
Net increase in cash and cash equivalents	604,306	516,019
Cash and cash equivalents at beginning of the period	664,897	816,917
Cash and cash equivalents at end of the period	$ 1,269,203	$ 1,332,936
Supplementary cash flow data:		
Income taxes paid, net of refunds received of $156,522 and $89,865	$ (13,006)	$ (55,975)
Interest paid on borrowings	70,891	129,694
Interest paid on deposits	11,484	39,498
Non-cash investing activities:		
Foreclosed assets	62,774	-

See Notes to Condensed Consolidated Financial Statements

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CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

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

	Common Stock		Convertible Preferred Stock		Additional Paid-in	Accumulated Other Comprehensive	Retained	Treasury Stock		Total
	Shares	Amount	Shares	Amount	Capital	Income (Loss)	Earnings	Shares	Amount	Equity
Balances at April 30, 2007	435,891	$ 4,359	-	$ -	$ 676,766	$ (1,320)	$ 2,886,440	(112,672)	$ (2,151,746)	$ 1,414,499
Remeasurement of uncertain tax positions upon adoption of FIN 48	-	-	-	-	-	-	(9,716)	-	-	(9,716)
Net loss	-	-	-	-	-	-	(852,209)	-	-	(852,209)
Unrealized translation loss	-	-	-	-	-	(572)	-	-	-	(572)
Change in net unrealized gain on available-for-sale securities	-	-	-	-	-	1,544	-	-	-	1,544
Stock-based compensation	-	-	-	-	37,150	-	-	-	-	37,150
Shares issued for:										
Option exercises	-	-	-	-	(8,815)	-	-	1,072	20,478	11,663
Nonvested shares	-	-	-	-	(20,058)	-	-	938	17,917	(2,141)
ESPP	-	-	-	-	(65)	-	-	412	7,872	7,807
Acquisitions	-	-	-	-	35	-	-	8	158	193
Acquisition of treasury shares	-	-	-	-	-	-	-	(325)	(7,237)	(7,237)
Cash dividends paid — $0.42 per share	-	-	-	-	-	-	(137,049)	-	-	(137,049)
Balances at January 31, 2008	435,891	$ 4,359	-	$ -	$ 685,013	$ (348)	$ 1,887,466	(110,567)	$ (2,112,558)	$ 463,932
Balances at April 30, 2008	435,891	$ 4,359	-	$ -	$ 695,959	$ 2,486	$ 2,384,449	(109,880)	$ (2,099,435)	$ 987,818
Net loss	-	-	-	-	-	-	(221,230)	-	-	(221,230)
Unrealized translation loss	-	-	-	-	-	(14,829)	-	-	-	(14,829)
Change in net unrealized gain on available-for-sale securities	-	-	-	-	-	(4,271)	-	-	-	(4,271)
Proceeds from common stock issuance, net of expenses	8,286	83	-	-	141,367	-	-	-	-	141,450
Stock-based compensation-		-	-	-	25,769	-	-	-	-	25,769
Shares issued for:										
Option exercises	-	-	-	-	(7,023)	-	-	4,341	82,954	75,931
Nonvested shares	-	-	-	-	(20,345)	-	-	1,011	19,326	(1,019)
ESPP	-	-	-	-	(423)	-	-	292	5,577	5,154
Acquisitions	-	-	-	-	25	-	-	9	163	188
Acquisition of treasury shares	-	-	-	-	-	-	-	(355)	(7,387)	(7,387)
Cash dividends paid — $0.44 per share	-	-	-	-	-	-	(147,569)	-	-	(147,569)
Balances at January 31, 2009	444,177	$ 4,442	-	$ -	$ 835,329	$ (16,614)	$ 2,015,650	(104,582)	$ (1,998,802)	$ 840,005

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated balance sheet as of January 31, 2009, the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended January 31, 2009 and 2008, the condensed consolidated statements of cash flows for the nine months ended January 31, 2009 and 2008, and the condensed consolidated statements of stockholders' equity for the nine months ended January 31, 2009 and 2008 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, cash flows and changes in stockholders' equity at January 31, 2009 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 reclassifications had no effect on our results of operations or stockholders' equity as previously reported. Effective November 1, 2008, we sold H&R Block Financial Advisors, Inc. (HRBFA) to Ameriprise Financial, Inc. (Ameriprise). As of January 31, 2009, HRBFA and its direct corporate parent are presented as discontinued operations in the condensed consolidated financial statements. All periods presented have been reclassified to reflect our discontinued operations. See additional discussion in note 17.

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, 2008 Annual Report to Shareholders on Form 10-K. All amounts presented herein as of April 30, 2008 or for the year then ended, are derived from our April 30, 2008 Annual Report to Shareholders on Form 10-K.

Management Estimates

The preparation of financial statements in conformity with U.S. 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. Actual results could differ 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

Cash deposits in bank accounts in excess of insured or guaranteed limits are exposed to loss in the event of nonperformance by the financial institution. We had cash deposits in excess of these limits of approximately $30 million at January 31, 2009. We have not historically experienced any losses on bank deposits. In addition to cash deposits with financial institutions, we had investments totaling approximately $1 billion and $110 million in federal funds sold and money market funds, respectively, at January 31, 2009.

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 50% 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 loss per share is computed using 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. The computations of basic and diluted earnings (loss) per share from continuing operations are as follows:

(in 000s, except per share amounts)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Net income (loss) from continuing operations	$ 66,830	$ 7,090	$(194,754)	$(240,013)
Basic weighted average common shares	337,338	325,074	331,429	324,544
Potential dilutive shares from stock options and nonvested shares	1,347	2,126	-	-
Convertible preferred stock	2	2	-	-
Dilutive weighted average common shares	338,687	327,202	331,429	324,544
Earnings (loss) per share from continuing operations:				
Basic	$ 0.20	$ 0.02	$ (0.59)	$ (0.74)
Diluted	0.20	0.02	(0.59)	(0.74)

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 16.0 million shares and 18.0 million shares for the three months ended January 31, 2009 and 2008, respectively, as the effect would be antidilutive. 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 20.2 million shares and 24.8 million shares for the nine months ended January 31, 2009 and 2008, respectively, as the effect would be antidilutive due to the net loss from continuing operations during each period.

The weighted average shares outstanding for the three and nine months ended January 31, 2009 increased to 337.3 million and 331.4 million, respectively, from 325.1 million and 324.5 million for the three and nine months ended January 31, 2008, respectively, primarily due to the issuance of shares of our common stock in October 2008. On October 27, 2008, we sold 8.3 million shares of our common stock, without par value, at a price of $17.50 per share in a registered direct offering through subscription agreements with selected institutional investors. We received net proceeds of $141.5 million, after deducting placement agent fees and other offering expenses.

During the nine months ended January 31, 2009 and 2008, we issued 5.7 million and 2.4 million shares of common stock, respectively, due to the exercise of stock options, employee stock purchases and vesting of nonvested shares.

During the nine months ended January 31, 2009, we acquired 0.4 million shares of our common stock, which represent shares swapped or surrendered to us in connection with the vesting of nonvested shares and the exercise of stock options, at an aggregate cost of $7.4 million. During the nine months ended January 31, 2008, we acquired 0.3 million shares of our common stock, which represent shares swapped or surrendered to us in connection with the vesting of nonvested shares and the exercise of stock options, at an aggregate cost of $7.2 million.

During the nine months ended January 31, 2009, we granted 5.1 million stock options and 1.0 million nonvested shares and units in accordance with our stock-based compensation plans. The weighted average fair value of options granted was $3.80 for manager options and $2.83 for options granted to our seasonal associates. At January 31, 2009, the total unrecognized compensation cost for options and nonvested shares and units was $12.2 million and $17.5 million, respectively.

3. Business Combinations

Effective November 3, 2008, we acquired the assets and franchise rights of our last major independent franchise operator for an aggregate purchase price of $278.6 million. Results related to the acquired business have been included in our condensed consolidated financial statements since November 3, 2008. Pro forma results of operations have not been presented as the effects of this acquisition were not material

to our results. The accompanying balance sheet reflects a preliminary allocation of the purchase price to assets acquired and liabilities assumed as follows:

	(in 000s)
Property and equipment	$ 6,169
Goodwill	16,062
Reacquired franchise rights	177,386
Franchise agreements	54,977
Customer relationships	24,264
Noncompete agreements	756
Other	735
Liabilities	(1,740)
	$278,609

Goodwill recognized in this transaction is included in the Tax Services segment and is deductible for tax purposes.

4. Receivables

Receivables related to our continuing operations consist of the following:

			(in 000s)
	January 31, 2009	January 31, 2008	April 30, 2008
Participation in tax client loans	$ 1,122,347	$ 1,763,030	$ 73,354
Emerald Advance lines of credit	688,663	361,263	5,115
Business Services accounts receivable	335,893	257,010	320,377
Receivables for tax-related fees	309,379	117,328	47,301
Royalties from franchisees	80,603	68,573	1,784
Loans to franchisees	66,317	71,349	53,536
Other	125,076	119,740	152,917
	2,728,278	2,758,293	654,384
Allowance for doubtful accounts	(85,327)	(78,847)	(120,155)
	$ 2,642,951	$ 2,679,446	$ 534,229

5. Mortgage Loans Held for Investment

The composition of our mortgage loan portfolio as of January 31, 2009 and April 30, 2008 is as follows:

			(dollars in 000s)	
	January 31, 2009		April 30, 2008	
	Amount	% of Total	Amount	% of Total
Adjustable-rate loans	$566,475	67%	$ 715,919	71%
Fixed-rate loans	284,727	33%	288,721	29%
	851,202	100%	1,004,640	100%
Unamortized deferred fees and costs	6,168		7,062	
Less: Allowance for loan losses	(75,615)		(45,401)	
	$781,755		$ 966,301	

Activity in the allowance for mortgage loan losses for the nine months ended January 31, 2009 and 2008 is as follows:

		(in 000s)
Nine Months Ended January 31,	2009	2008
Balance at beginning of the period	$ 45,401	$ 3,448
Provision	51,953	12,345
Recoveries	50	999
Charge-offs	(21,789)	(932)
Balance at end of the period	$ 75,615	$15,860

The loan loss provision increased significantly during the current period as a result of declining collateral values due to a decline in residential home prices, and increasing delinquencies occurring in our portfolio. Our loan loss reserve as a percent of mortgage loans was 8.82% at January 31, 2009, compared to 4.49% at April 30, 2008.

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 $153.7 million and $37.2 million at January 31, 2009 and April 30, 2008, respectively.

Loans 60 days past due are considered impaired. Impaired and TDR loans at January 31, 2009 and April 30, 2008 totaled $258.2 million and $128.9 million, respectively.

6. Goodwill and Intangible Assets

Changes in the carrying amount of goodwill of continuing operations for the nine months ended January 31, 2009 consist of the following:

(in 000s)

	April 30, 2008	Additions	Impairment	Other	January 31, 2009
Tax Services	$ 431,981	$ 19,820	$ (2,188)	$(3,506)	$ 446,107
Business Services	399,333	3,003	-	-	402,336
Total	$ 831,314	$ 22,823	$ (2,188)	$(3,506)	$ 848,443

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

During the nine months ended January 31, 2009, we recorded a $2.2 million impairment in our Tax Services segment relating to the goodwill of a small digital business acquired in fiscal year 2005. No other events indicating possible impairment of goodwill were identified during the nine months ended January 31, 2009.

Intangible assets of continuing operations consist of the following:

(in 000s)

	January 31, 2009			April 30, 2008		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Tax Services:						
Customer relationships	$ 72,535	$ (24,462)	$ 48,073	$ 46,479	$ (22,007)	$ 24,472
Noncompete agreements	23,261	(20,587)	2,674	22,966	(19,981)	2,985
Reacquired franchise rights	177,386	-	177,386	-	-	-
Franchise agreements	54,977	(611)	54,366	-	-	-
Purchased technology	12,500	(3,751)	8,749	12,500	(2,283)	10,217
Trade name	1,025	(192)	833	1,025	(117)	908
Business Services:						
Customer relationships	146,040	(108,508)	37,532	143,402	(100,346)	43,056
Noncompete agreements	33,068	(19,344)	13,724	32,303	(17,589)	14,714
Trade name – amortizing	2,600	(2,600)	-	3,290	(3,043)	247
Trade name – non-amortizing	55,637	(4,868)	50,769	55,637	(4,868)	50,769
	$579,029	$ (184,923)	$394,106	$317,602	$ (170,234)	$147,368

Amortization of intangible assets of continuing operations for the three and nine months ended January 31, 2009 was $6.8 million and $20.4 million, respectively, and $5.5 million and $17.7 million for the three and nine months ended January 31, 2008, respectively. Estimated amortization of intangible assets for fiscal years 2009 through 2013 is $26.8 million, $29.9 million, $28.0 million, $25.2 million and $21.1 million, respectively.

7. Borrowings

Borrowings of continuing operations consist of the following:

(in 000s)

	January 31, 2009	January 31, 2008	April 30, 2008
Short-term borrowings:			
HSBC credit facility	$ 690,485	$ 1,683,317	$ -
Other credit facilities	-	28,168	-
	$ 690,485	$ 1,711,485	$ -
Long-term borrowings:			
CLOC borrowings, due August 2010	$ 970,813	$ 1,800,000	$ -
Senior Notes, 7.875%, due January 2013	599,507	599,383	599,414
Senior Notes, 5.125%, due October 2014	398,648	398,412	398,471
Other	42,709	23,948	41,185
	2,011,677	2,821,743	1,039,070
Less: Current portion	(9,030)	(8,332)	(7,286)
	$ 2,002,647	$ 2,813,411	$ 1,031,784

At January 31, 2009, we maintained $2.0 billion in revolving credit facilities to support commercial paper issuance and for general corporate purposes. These unsecured committed lines of credit (CLOCs), and outstanding borrowings thereunder, have a maturity date of August 2010 and an annual facility fee in a range of six to fifteen basis points per annum, based on our credit ratings. We had $970.8 million outstanding as of January 31, 2009 to support working capital requirements primarily arising from off-season operating losses, to pay dividends and acquire businesses. These borrowings are included in long-term debt on our condensed consolidated balance sheet due to their contractual maturity date. The CLOCs, among other things, require we maintain at least $650.0 million of net worth on the last day of any fiscal quarter. We had net worth of $840.0 million at January 31, 2009.

Lehman Brothers Bank, FSB (Lehman) is a participating lender in our $2.0 billion CLOCs, with a $50.0 million credit commitment. In September 2008, Lehman's parent company declared bankruptcy. Since then, Lehman has not honored any funding requests under these facilities, thereby effectively reducing our available liquidity under our CLOCs to $1.95 billion. We do not expect this change to have a material impact on our liquidity.

We entered into a committed line of credit agreement with HSBC Finance Corporation (HSBC) effective January 14, 2009 for use as a funding source for the purchase of refund anticipation loan (RAL) participations. This line provides funding totaling $2.5 billion through March 30, 2009 and $120.0 million thereafter through June 30, 2009. This line is subject to various covenants that are similar to our primary CLOCs, and is secured by our RAL participations. At January 31, 2009, there was $690.5 million outstanding on this facility. Our contract with HSBC provides for them to fund RALs through 2011, with an option to renew, at our discretion, through 2013. We have also had a contract each of the last two years under which HSBC has funded our participation interest in RALs.

H&R Block Bank (HRB Bank) is a member of the Federal Home Loan Bank (FHLB) of Des Moines, which extends credit to member banks based on eligible collateral. At January 31, 2009, HRB Bank had total FHLB advance capacity of $434.1 million. There was $104.0 million outstanding on this facility, leaving remaining availability of $330.1 million. Mortgage loans held for investment of $698.6 million serve as eligible collateral and are used to determine total capacity.

8. Income Taxes

We file a consolidated federal income tax return in the United States and file tax returns in various state and foreign jurisdictions. Consolidated tax returns for the years 1999 through 2007 are currently under examination by the Internal Revenue Service (IRS). 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 and nine months ended January 31, 2009, we accrued an additional $2.9 million and $6.9 million, respectively, of interest and penalties related to our uncertain tax positions. We had unrecognized tax benefits of $128.3 million and $137.6 million at January 31, 2009 and April 30, 2008, respectively. The unrecognized tax benefits decreased $9.3 million in the current year, due primarily to settlement payments. We have classified the liability for unrecognized tax benefits, including corresponding accrued interest, as long-term at January 31, 2009, which is included in other noncurrent liabilities on the condensed consolidated balance sheet. Amounts that we expect to pay, or for which statutes expire, within the next twelve months have been included in accounts payable, accrued expenses and other current liabilities on the condensed consolidated balance sheet.

During the third quarter of fiscal year 2009 we received tax refunds of $156.5 million, the majority of which was recorded as a receivable included in other assets on our condensed consolidated financial statements as of April 30, 2008.

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 total amount of previously unrecognized tax benefits may decrease by approximately $6 to $7 million within twelve months of January 31, 2009.

9. Interest Income and Expense

The following table shows the components of interest income and expense of our continuing operations. Operating interest expense is included in cost of other revenues, and interest expense on acquisition debt is included in other income (expense), net on our condensed consolidated statements of operations.

(in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Interest income:				
Mortgage loans, net	$ 11,131	$ 17,198	$36,494	$ 60,140
Emerald Advance lines of credit	43,311	19,516	44,539	19,516
Other	4,162	10,396	12,465	21,702
	$ 58,604	$ 47,110	$93,498	$ 101,358
Operating interest expense:				
Borrowings	$ 21,623	$ 21,014	$60,849	$ 41,674
Deposits	3,719	11,464	11,646	37,928
FHLB advances	1,326	1,349	3,981	4,709
	26,668	33,827	76,476	84,311
Interest expense – acquisition debt	392	624	1,221	1,871
Total interest expense	$ 27,060	$ 34,451	$77,697	$ 86,182

10. Fair Value

On May 1, 2008, we adopted Statement of Financial Accounting Standards No. 157, "Fair Value Measurements" (SFAS 157). SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosure requirements for fair value measurements. We elected to defer the application of SFAS 157 for nonfinancial assets and nonfinancial liabilities until fiscal year 2010, as provided for by FASB Staff Position FAS 157-2, "Effective Date of FASB Statement No. 157" (FSP 157-2). The adoption of SFAS 157 did not have an impact on our consolidated results of operations or financial position.

Fair Value Hierarchy

SFAS 157 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value into three broad levels, considering the relative reliability of the inputs, as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

- Level 2 – Quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuations in which all significant inputs are observable in the market.
- Level 3 – Valuation is modeled using significant inputs that are unobservable in the market. These unobservable inputs reflect our own estimates of assumptions that market participants would use in pricing the asset or liability.

Estimation of Fair Value

The following is a description of the valuation methodologies used 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.
- Mortgage loans held for sale – The fair values of loans held for sale are generally based on observable market prices of securities that have loan collateral or interests in loans that are similar to the held-for-sale loans, or whole loan sale prices if formally committed. These loans are classified as Level 2.
- Residual interests in securitizations – Determination of the fair value of residual interests in securitizations requires the use of unobservable inputs. We value these securities using a discounted cash flow approach that incorporates expectations of prepayment speeds and expectations of delinquencies and losses. Risk-adjusted discount rates are based on quotes from third party sources. These assets are classified as Level 3.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following table presents for each hierarchy level the financial assets of our continuing operations that are measured at fair value on a recurring basis at January 31, 2009:

(dollars in 000s)

	Total	Level 1	Level 2	Level 3
Available-for-sale securities	$45,640	$ 2,975	$42,665	$ -
Mortgage loans held for sale	9,596	-	9,596	-
Residual interests in securitizations	5,122	-	-	5,122
	$60,358	$ 2,975	$52,261	$ 5,122
As a percentage of total assets	0.8%	0.0%	0.7%	0.1%

The following table presents changes in Level 3 financial assets measured at fair value on a recurring basis:

(in 000s)

	Three Months Ended January 31, 2009	Nine Months Ended January 31, 2009
Fair value, beginning of period	$ 9,487	$ 16,678
Losses:		
Included in earnings	(931)	(6,153)
Included in other comprehensive income (loss)	(2,604)	(2,920)
Cash received	(830)	(2,483
Fair value, end of period	$ 5,122	$ 5,122

Mortgage loans held for sale are included in prepaid expenses and other current assets, and available-for-sale securities and residual interests in securitizations are included in other assets on our condensed consolidated balance sheets.

Fair Value Option

We adopted Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" (SFAS 159) on May 1, 2008. SFAS 159 permits an instrument by

instrument irrevocable election to account for selected financial assets and financial liabilities at fair value. We did not elect to apply the fair value option to any eligible financial assets or financial liabilities on May 1, 2008 or during the nine months ended January 31, 2009. Subsequent to the initial adoption, we may elect to account for selected financial assets and financial liabilities at fair value. Such an election could be made at the time an eligible financial asset, financial liability or firm commitment is recognized or when certain specified reconsideration events occur.

11. Other Noncurrent Assets and Liabilities

We have deferred compensation plans that permit directors and certain employees to defer portions of their compensation and accrue income on the deferred amounts. Included in other noncurrent liabilities is $122.3 million and $155.1 million at January 31, 2009 and April 30, 2008, respectively, reflecting our obligation under these plans.

We may purchase whole-life insurance contracts on certain director and employee participants to recover distributions made or to be made under the plans. The cash surrender value of the policies and other assets held by the Deferred Compensation Trust is recorded in other noncurrent assets and totaled $112.9 million and $163.1 million at January 31, 2009 and April 30, 2008, respectively. These assets are restricted, as they are only available to fund the related liability. The decrease in value of these assets and liabilities are primarily due to current market conditions. Losses on certain invested assets are not deductible for income taxes and therefore have had an impact on our income tax rates in the current fiscal year.

12. Regulatory Requirements

HRB Bank and the Company are subject to various regulatory requirements, including capital guidelines for HRB Bank, administered by federal banking agencies. Failure to meet minimum capital requirements can trigger certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material effect on HRB Bank and our consolidated financial statements. All savings associations are subject to the capital adequacy guidelines and the regulatory framework for prompt corrective action. HRB Bank must meet specific capital guidelines that involve quantitative measures of HRB Bank's assets, liabilities and certain off-balance sheet items, as calculated under regulatory accounting practices. HRB Bank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings and other factors. HRB Bank files its regulatory Thrift Financial Report (TFR) on a calendar quarter basis with the Office of Thrift Supervision (OTS).

Quantitative measures established by regulation to ensure capital adequacy require HRB Bank to maintain minimum amounts and ratios of tangible equity, total risk-based capital and Tier 1 capital, as set forth in the table below. In addition to these minimum ratio requirements, HRB Bank is required to continually maintain a 12.0% minimum leverage ratio as a condition of its charter-approval order through fiscal year 2009. This condition was extended through fiscal year 2012 as a result of a Supervisory Directive issued on May 29, 2007. As of January 31, 2009, HRB Bank's leverage ratio was 13.8%.

As of December 31, 2008, our most recent TFR filing, HRB Bank was a "well capitalized" institution under the prompt corrective action provisions of the Federal Deposit Insurance Corporation (FDIC). The five capital categories are: (1) "well capitalized" (total risk-based capital ratio of 10%, Tier 1 Risk-based capital ratio of 6% and leverage ratio of 5%); (2) "adequately capitalized"; (3) "undercapitalized"; (4) "significantly undercapitalized"; and (5) "critically undercapitalized." There are no conditions or events since December 31, 2008 that management believes have changed HRB Bank's category.

The following table sets forth HRB Bank's regulatory capital requirements at December 31, 2008, 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)	$268,259	22.1%	$ 97,294	8.0%	$ 121,617	10.0%
Tier 1 risk-based capital ratio(2)	$252,471	20.8%	n/a	n/a	$ 72,970	6.0%
Tier 1 capital ratio (leverage)(3)	$252,471	13.3%	$ 228,368	12.0%	$ 95,153	5.0%
Tangible equity ratio(4)	$252,471	13.3%	$ 28,546	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.

Block Financial LLC (BFC) made an additional capital contribution to HRB Bank of $245.0 million during the nine months ended January 31, 2009. This contribution was necessary for HRB Bank to meet its capital requirements due to seasonal fluctuations in its balance sheet. During the three months ended January 31, 2009, we submitted an application to the OTS requesting that HRB Bank be allowed to pay dividends to BFC in an amount that will not exceed the capital necessary to continuously maintain HRB Bank's required 12.0% leverage ratio. The OTS approved our application on January 12, 2009.

13. Commitments and Contingencies

Changes in the deferred revenue liability 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)

Nine Months Ended January 31,	2009	2008
Balance, beginning of period	$140,583	$142,173
Amounts deferred for new guarantees issued	23,480	19,672
Revenue recognized on previous deferrals	(56,375)	(56,881)
Balance, end of period	$107,688	$104,964

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

(in 000s)

As of	January 31, 2009	April 30, 2008
Franchise Equity Lines of Credit	$ 83,863	$ 79,134
Contingent business acquisition obligations	29,103	24,288
Media advertising purchase obligation	59,715	19,043

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

such claims are asserted, we believe the fair value of guarantees and indemnifications relating to our continuing operations is not material as of January 31, 2009.

Discontinued Operations

Sand Canyon Corporation (SCC), formerly Option One Mortgage Corporation, maintains recourse with respect to loans previously sold or securitized under indemnification of loss provisions relating to breach of representations and warranties made to purchasers or insurers. As a result, SCC may be required to repurchase loans or otherwise indemnify third-parties for losses. These representations and warranties and corresponding repurchase obligations generally are not subject to stated limits or a stated term and, therefore, may continue for the foreseeable future. SCC has established a liability related to potential losses under these indemnifications and monitors the adequacy of the repurchase liability on an ongoing basis. To the extent that future claim volumes differ from current estimates, or the value of mortgage loans and residential home prices change, future losses may be different than these estimates and those differences may be significant.

The following table summarizes SCC's loan repurchase and indemnification activity:

(in 000s)

	Nine Months Ended		Year Ended
	January 31, 2009	January 31, 2008	April 30, 2008
Loan repurchase and indemnification liability at end of period	$ 213,120	$ 68,969	$ 243,066
Loans repurchased and indemnification payments during the period	38,290	480,943	515,370
Reserves added during the period	-	379,440	582,373

As described more fully in note 17, we entered into indemnifications in connection with our November 2008 sale of HRBFA and recorded a liability with an estimated fair value of $15.5 million at January 31, 2009.

We have recorded a restructuring liability which primarily relates to estimated lease obligations for vacant space resulting from office closings and employee severance costs for our discontinued mortgage businesses. These liabilities are included in accounts payable, accrued expenses and other current liabilities and accrued salaries, wages and payroll taxes on our condensed consolidated balance sheet, respectively. Actual results could differ from these estimates. Changes in our restructuring liability during the nine months ended January 31, 2009 are as follows:

(in 000s)

	Accrual Balance as of April 30, 2008	Cash Payments	Other Adjustments	Accrual Balance as of January 31, 2009
Employee severance costs	$ 4,807	$ (4,871)	$ 428	$ 364
Contract termination costs	23,113	(12,054)	1,779	12,838
	$ 27,920	$ (16,925)	$ 2,207	$ 13,202

14. Litigation and Related Contingencies

We are party to investigations, legal claims and lawsuits arising out of our business operations. We accrue our best estimate of the probable loss upon resolution of investigations, legal claims and lawsuits, which totaled $10.5 million and $11.5 million at January 31, 2009 and April 30, 2008, respectively. With respect to most of the matters described below, we have concluded that a loss is not probable and therefore no liability has been recorded.

RAL Litigation

We have been named as a defendant in numerous lawsuits throughout the country regarding our refund anticipation loan programs (collectively, "RAL Cases"). The RAL Cases have involved a variety of legal theories asserted by plaintiffs. These theories include allegations that, among other things: disclosures in the RAL applications were inadequate, misleading and untimely; the RAL interest rates were usurious and unconscionable; we did not disclose that we would receive part of the finance charges paid by the customer for such loans; untrue, misleading or deceptive statements in marketing RALs; breach of state

laws on credit service organizations; breach of contract, unjust enrichment, unfair and deceptive acts or practices; violations of the federal Racketeer Influenced and Corrupt Organizations Act; violations of the federal Fair Debt Collection Practices Act and unfair competition regarding debt collection activities; and that we owe, and breached, a fiduciary duty to our customers in connection with the RAL program.

The amounts claimed in the RAL Cases have been very substantial in some instances, with one settlement resulting in a pretax expense of $43.5 million in fiscal year 2003 (the "Texas RAL Settlement") and other settlements resulting in a combined pretax expense in fiscal year 2006 of $70.2 million. On December 31, 2008, we reached a settlement with the California attorney general in the case entitled *The People of California v. H&R Block, Inc., H&R Block Services, Inc., H&R Block Enterprises, Inc., H&R Block Tax Services, Inc., Block Financial Corporation, HRB Royalty, Inc., and Does 1 through 50,* Case No., CGC-06-449461, in the California Superior Court, San Francisco County (the "California AG Case"). Pursuant to the terms of the settlement, we agreed to pay $2.45 million in restitution to certain clients who obtained a refund anticipation loan or a refund anticipation check, $500,000 in civil penalties and $1.9 million in fees and costs.

Following settlement of the California AG Case, we have one remaining putative RAL class action. We believe we have meritorious defenses to this RAL Case and we intend to defend it vigorously. There can be no assurances, however, as to the outcome of the pending RAL Case or regarding the impact of the pending RAL Case on our financial statements. There were no other significant developments regarding the RAL Cases during the three months ended January 31, 2009.

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 class action case originally filed in the Circuit Court of Madison County, Illinois on January 18, 2002, in which class certification was granted on August 27, 2003. 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 court has certified plaintiff classes consisting of all persons who reside in 13 specified states and who from January 1, 1997 to final judgment (1) were charged a separate fee for POM by "H&R Block"; (2) were charged a separate fee for POM by an "H&R Block" entity not licensed to sell insurance; or (3) had an unsolicited charge for POM posted to their bills by "H&R Block." Persons who received the POM guarantee through an H&R Block Premium office were excluded from the plaintiff class. In August 2008, we removed the case from state court in Madison County, Illinois to the U.S. District Court for the Southern District of Illinois. On December 17, 2008, the case was remanded back to state court. We have filed a petition to appeal this ruling.

There is one other putative class action pending against us in Texas that involves the POM guarantee. This case is pending before the same judge that presided over the Texas RAL Settlement, involves the same plaintiffs' attorneys that are involved in the Marshall litigation in Illinois, and contains allegations similar to those in the Marshall case. 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, and there can be no assurances as to the outcome of these pending actions 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) entitled *The People of New York v. H&R Block, Inc. and H&R Block Financial Advisors, Inc. et al*. The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. On July 12, 2007, the Supreme Court of the State of New York issued a ruling that dismissed all defendants other than HRBFA and the claims of common law fraud. The intermediate

appellate court reversed this ruling on January 6, 2009. We filed a petition for appeal with the highest state appellate court on January 30, 2009. We believe we have meritorious defenses to the claims in this case, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

On January 2, 2008, the Mississippi Attorney General filed a lawsuit in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) entitled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, Inc., et al.* The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought 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 are no assurances as to its outcome.

In addition to the New York and Mississippi Attorney General actions, a number of civil actions were filed against HRBFA and us concerning the Express IRA product, the first of which was filed on March 17, 2006. Except for two cases pending in state court, all of the civil actions have been consolidated by the panel for Multi-District Litigation into a single action styled *In re H&R Block, Inc. Express IRA Marketing Litigation* in the United States District Court for the Western District of Missouri.

Although we sold HRBFA effective November 1, 2008, we remain responsible for the Express IRA litigation through an indemnification agreement with Ameriprise. See additional discussion in note 17. The amounts claimed in these cases are substantial. We believe we have meritorious defenses to the claims in these cases, and we intend to defend these cases vigorously, but there are no assurances as to their outcome.

Securities Litigation

On April 6, 2007, a putative class action styled *In re H&R Block Securities Litigation* was filed against the Company and certain of its officers in the United States District Court for the Western District of Missouri. The complaint alleges, among other things, deceptive, material and misleading financial statements and failure to prepare financial statements in accordance with generally accepted accounting principles. The complaint sought unspecified damages and equitable relief. The court dismissed the complaint on February 19, 2008, and plaintiffs appealed the dismissal on March 18, 2008. In addition, plaintiffs in a shareholder derivative action that was consolidated into the securities litigation filed a separate appeal on March 18, 2008, contending that the derivative action was improperly consolidated. The derivative action is *Iron Workers Local 16 Pension Fund v. H&R Block, et al.*, in the United States District Court for the Western District of Missouri, Case No.06-cv-00466-ODS (instituted on June 8, 2006) and was brought against certain of our directors and officers purportedly on behalf of the Company. The derivative action alleges breach of fiduciary duty, abuse of control, gross mismanagement, waste, and unjust enrichment pertaining to (1) our restatement of financial results in fiscal year 2006 due to errors in determining our state effective income tax rate and (2) certain of our products and business activities. We believe we have meritorious defenses to the claims in these cases and intend to defend this litigation vigorously. We currently do not believe that we will incur a material loss with respect to this litigation.

RSM McGladrey Litigation

RSM McGladrey Business Services, Inc. and certain of its subsidiaries are parties to a putative class action filed on July 11, 2006 and entitled *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 regarding business valuation services provided by RSM EquiCo, Inc., including fraud, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, breach of fiduciary duty and unfair competition and seeks unspecified damages, restitution and equitable relief. A hearing on plaintiffs' motion for class certification is scheduled for March 6, 2009. We intend to defend this case vigorously. The amount claimed in this action is substantial and there can be no assurance regarding the outcome and resolution of this matter. It is reasonably possible that we could incur losses with respect to this litigation, although an estimate of such losses cannot be made in light of the early stage of the litigation.

RSM McGladrey, Inc. (RSM) has a relationship with certain public accounting firms (collectively, "the Attest Firms") pursuant to which (1) some RSM employees are also partners or employees of the Attest Firms, (2) many clients of the Attest Firms are also RSM clients, and (3) our RSM McGladrey brand is

closely linked to the Attest Firms. The Attest Firms are parties to claims and lawsuits (collectively, "Attest Firm Claims") arising in the normal course of business. Judgments or settlements arising from Attest Firm Claims exceeding the Attest Firms' insurance coverage could have a direct adverse effect on Attest Firm operations and could impair RSM's ability to attract and retain clients and quality professionals. For example, accounting and auditing firms (including one of the Attest Firms) recently have become subject to claims based on losses their clients suffered from investments in investment funds managed by third parties. Although RSM may not have a direct liability for significant Attest Firm Claims, such Attest Firm Claims could 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 the Attest Firm Claims.

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 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) entitled *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. On November 10, 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. The preliminary injunction generally applies to loans meeting all of the following four characteristics: (1) adjustable rate mortgages with an introductory period of three years or less, (2) the borrower has a debt-to-income ratio generally exceeding 50 percent, (3) an introductory interest rate at least 2 percent lower than the fully indexed rate (unless the debt-to-income ratio is 55% or greater) and (4) loan-to-value ratio of 97 percent or certain prepayment penalties. We have appealed this preliminary injunction. We believe we have meritorious defenses to the claims in this case, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

SCC also remains subject to potential claims for indemnification and loan repurchases pertaining to loans previously sold. In the current non-prime mortgage environment, it is likely that the frequency of repurchase and indemnification claims may increase over historical experience and give rise to additional litigation. In some instances, H&R Block, Inc. was required to guarantee SCC's obligations. The amounts involved in these potential claims may be substantial, 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 or settlement of these claims 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.

Other Claims and Litigation

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, wage and hour claims and investment products. We believe we have meritorious defenses to each of these claims, and we are defending or intend to defend them vigorously. The amounts claimed in these claims and lawsuits are substantial in some instances, and the ultimate liability with respect to such litigation and claims 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 be material.

In addition to the aforementioned types of cases, we are 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 effect on our consolidated operating results, financial position or cash flows.

15. Segment Information

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

(in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Revenues:				
Tax Services	$761,735	$661,787	$ 936,104	$ 822,454
Business Services	185,177	191,884	592,873	623,755
Consumer Financial Services	45,195	39,305	80,980	89,608
Corporate	1,339	1,828	6,867	9,697
	$993,446	$894,804	$1,616,824	$1,545,514
Pretax income (loss):				
Tax Services	$130,443	$ 45,879	$ (218,045)	$ (325,559)
Business Services	10,695	6,614	23,481	16,489
Consumer Financial Services	(3,268)	12,318	(36,014)	12,751
Corporate	(36,131)	(64,395)	(108,106)	(112,587)
Income (loss) from continuing operations before income taxes (benefit)	$101,739	$ 416	$ (338,684)	$ (408,906)

As of January 31, 2009, the financial results of HRBFA are presented as discontinued operations. Accordingly, all periods presented above for our Consumer Financial Services segment have been revised to exclude results for discontinued businesses, and now reflect only the results of HRB Bank.

16. Accounting Pronouncements

In June 2008, FASB Staff Position on EITF 03-6-1, "Determining Whether Instruments Granted in Share-Based Payment Transactions are Participating Securities" (FSP 03-6-1) was issued. FSP 03-6-1 addresses whether instruments granted in share-based payment transactions are participating securities prior to vesting and, therefore, should be included in the process of allocating earnings for purposes of computing earnings per share. This guidance is effective for financial statements issued for fiscal years and the related interim periods beginning after December 15, 2008. Early application is not permitted. The provisions of FSP 03-6-1 are effective for our first fiscal quarter of 2010. We are currently evaluating what effect FSP 03-6-1 will have on our consolidated financial statements.

In December 2007, Statement of Financial Accounting Standards No. 141(R), "Business Combinations," (SFAS 141R), and Statement of Financial Accounting Standards No. 160, "Non-Controlling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51" (SFAS 160) were issued. These

standards will require an acquiring entity to recognize all the assets acquired and liabilities assumed in a transaction, including non-controlling interests, at the acquisition-date fair value with limited exceptions. SFAS 141R will require acquisition-related expenses to be expensed and will generally require contingent consideration to be recorded as a liability at the time of acquisition. Under SFAS 141R, subsequent changes to deferred tax valuation allowances relating to acquired businesses and acquired liabilities for uncertain tax positions will no longer be applied to goodwill but will instead be typically recognized as an adjustment to income tax expense. The provisions of these standards are effective as of the beginning of our fiscal year 2010.

We are currently evaluating what effect the adoption of SFAS 141R and SFAS 160 will have on our consolidated financial statements.

As discussed in note 10, we adopted SFAS 157 and SFAS 159 as of May 1, 2008.

17. Discontinued Operations

Effective November 1, 2008, we sold HRB Financial Corporation, including our securities brokerage business formerly conducted through HRBFA, to Ameriprise. As a result of this transaction, we received cash proceeds, net of selling costs, of $304.0 million, plus repayment of net intercompany liabilities of $46.6 million. The carrying value of our investment in this business at the date of disposition was $293.7 million. We deferred recognition of a portion of the sale proceeds totaling $7.0 million, which represents the estimated value of an ongoing collaboration arrangement with our Tax Services businesses.

In connection with the sale, we indemnified Ameriprise against certain losses relating to pre-acquisition contingencies, including matters involving compliance with ERISA and the Fair Labor Standards Act, tax matters, and certain pending litigation. Certain indemnities are subject to a maximum aggregate payment of $31.5 million, while other indemnities are not subject to any stated limit. The indemnities are not subject to a stated term. FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others," requires that we recognize a liability for the estimated fair value of guarantee and indemnification obligations at the inception of the arrangement. We have estimated an aggregate fair value of $15.5 million relating to the Ameriprise indemnifications and recorded a liability in that amount as of the date of sale. Subsequent changes in the estimated fair value of these indemnification obligations will be recorded in discontinued operations.

The transaction resulted in a capital loss for income tax purposes and, with the exception of benefits of approximately $10 million recorded during the quarter ended October 31, 2008, is not currently expected to result in a tax benefit. Net of selling expenses, deferrals, and indemnification liabilities, we recorded a loss during the quarter ended January 31, 2009 in connection with the disposition of this business totaling $12.2 million.

At January 31, 2009, HRBFA had $21.2 million invested in the Reserve Primary Fund (Reserve Fund), a money market fund. That balance was reduced to $14.5 million at February 20, 2009, reflecting an additional fund distribution as of that date. The Reserve Fund is currently in orderly liquidation under the supervision of the Securities and Exchange Commission (SEC) and its net asset value has fallen below its stated value of $1.00 per share. The most recent net asset values communicated by the Reserve Fund were $0.97 per share as of February 26, 2009. However, the Reserve Fund has indicated that it has established a "special reserve" for contingent damages and defense costs relating to pending litigation and, accordingly, fund distributions are currently being made at $0.917 per share. This asset was sold to Ameriprise in connection with the sale of HRBRA at a contractually agreed to value of $0.92 per share. Although this investment is no longer reported in our balance sheet we are subject to contingent gains or losses, through post-closing purchase price adjustments, to the extent ultimate redemptions from the Reserve Fund are greater or less than $0.92 per share. Assuming HRBFA recovered its invested principal in full, we would recognize a gain at that time of approximately $8 million. Assuming HRBFA received no further distributions from the Reserve Fund, we would ultimately record additional losses of approximately $7 million.

As of January 31, 2009, the results of operations of HRBFA and its direct corporate parent are presented as discontinued operations in the condensed consolidated financial statements. All periods presented reflect our discontinued operations.

Overhead costs which would have previously been allocated to discontinued businesses totaled $4.6 million for the nine months ended January 31, 2009 and $4.0 million and $11.6 million for the three and nine months ended January 31, 2008, respectively. These amounts are included in continuing operations.

The financial results of discontinued operations are as follows:

(in 000s)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Net revenue	$ 609	$109,363	$130,205	$ (52,777)
Pretax loss	$(20,054)	$ (93,440)	$ (47,443)	$(978,000)
Income tax benefit	(587)	(38,992)	(20,967)	(365,804)
Net loss from discontinued operations	$(19,467)	$ (54,448)	$ (26,476)	$(612,196)

During fiscal year 2008, we exited the mortgage business operated through a subsidiary and sold the related loan servicing business. Our discontinued operations include pretax losses related to our mortgage business of $7.9 million and $17.5 million for the three and nine months ended January 31, 2009, respectively, compared to $97.0 million and $977.9 million, respectively, in the prior year.

18. Condensed Consolidating Financial Statements

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 CLOCs, the $500.0 million credit facility entered into in April 2007 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 January 31, 2009	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 85,044	$ 908,466	$ (64)	$ 993,446
Cost of services	-	10,615	562,233	6	572,854
Cost of other revenues	-	69,128	42,586	(1)	111,713
Selling, general and administrative	-	44,125	164,791	(102)	208,814
Total expenses	-	123,868	769,610	(97)	893,381
Operating income (loss)	-	(38,824)	138,856	33	100,065
Other income (expense), net	101,739	(1,968)	3,610	(101,707)	1,674
Income (loss) from continuing operations before taxes (benefit)	101,739	(40,792)	142,466	(101,674)	101,739
Income taxes (benefit)	34,909	(16,013)	50,942	(34,929)	34,909
Net income (loss) from continuing operations	66,830	(24,779)	91,524	(66,745)	66,830
Net loss from discontinued operations	(19,467)	(20,113)	-	20,113	(19,467)
Net income (loss)	$ 47,363	$ (44,892)	$ 91,524	$ (46,632)	$ 47,363

Three Months Ended January 31, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$133,343	$ 774,765	$(13,304)	$ 894,804
Cost of services	-	18,742	534,018	47	552,807
Cost of other revenues	-	77,067	19,167	-	96,234
Selling, general and administrative	-	114,620	144,566	(11,866)	247,320
Total expenses	-	210,429	697,751	(11,819)	896,361
Operating income (loss)	-	(77,086)	77,014	(1,485)	(1,557)
Other income, net	416	9	1,964	(416)	1,973
Income (loss) from continuing operations before taxes (benefit)	416	(77,077)	78,978	(1,901)	416
Income taxes (benefit)	(6,674)	(33,637)	27,299	6,338	(6,674)
Net income (loss) from continuing operations	7,090	(43,440)	51,679	(8,239)	7,090
Net loss from discontinued operations	(54,448)	(54,589)	(2,622)	57,211	(54,448)
Net income (loss)	$ (47,358)	$ (98,029)	$ 49,057	$ 48,972	$ (47,358)

Nine Months Ended January 31, 2009	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 124,145	$ 1,495,472	$ (2,793)	$ 1,616,824
Cost of services	-	17,886	1,254,854	22	1,272,762
Cost of other revenues	-	154,301	62,621	(32)	216,890
Selling, general and administrative	-	74,669	389,669	(284)	464,054
Total expenses	-	246,856	1,707,144	(294)	1,953,706
Operating loss	-	(122,711)	(211,672)	(2,499)	(336,882)
Other income (expense), net	(338,684)	(5,858)	4,024	338,716	(1,802)
Loss from continuing operations before tax benefit	(338,684)	(128,569)	(207,648)	336,217	(338,684)
Income tax benefit	(143,930)	(50,553)	(92,329)	142,882	(143,930)
Net loss from continuing operations	(194,754)	(78,016)	(115,319)	193,335	(194,754)
Net loss from discontinued operations	(26,476)	(28,577)	-	28,577	(26,476)
Net loss	$ (221,230)	$(106,593)	$ (115,319)	$221,912	$ (221,230)

Nine Months Ended January 31, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Total revenues	$ -	$ 260,871	$ 1,301,716	$ (17,073)	$ 1,545,514
Cost of services	-	33,652	1,231,236	(8)	1,264,880
Cost of other revenues	-	160,703	34,226	-	194,929
Selling, general and administrative	-	148,423	377,934	(11,954)	514,403
Total expenses	-	342,778	1,643,396	(11,962)	1,974,212
Operating loss	-	(81,907)	(341,680)	(5,111)	(428,698)
Other income (expense), net	(408,906)	(12)	19,804	408,906	19,792
Loss from continuing operations before tax benefit	(408,906)	(81,919)	(321,876)	403,795	(408,906)
Income tax benefit	(168,893)	(36,432)	(130,398)	166,830	(168,893)
Net loss from continuing operations	(240,013)	(45,487)	(191,478)	236,965	(240,013)
Net loss from discontinued operations	(612,196)	(609,192)	(6,212)	615,404	(612,196)
Net loss	$ (852,209)	$(654,679)	$ (197,690)	$852,369	$ (852,209)

Condensed Consolidating Balance Sheets					(in 000s)
January 31, 2009	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ -	$ 1,014,130	$ 255,411	$ (338)	$ 1,269,203
Cash & cash equivalents — restricted	-	66,070	9,823	-	75,893
Receivables, net	1,175	1,866,003	775,773	-	2,642,951
Mortgage loans held for investment	-	781,755	-	-	781,755
Intangible assets and goodwill, net	-	-	1,242,549	-	1,242,549
Investments in subsidiaries	2,633,648	-	254	(2,633,648)	254
Other assets	-	364,244	925,006	37	1,289,287
Total assets	$ 2,634,823	$ 4,092,202	$ 3,208,816	$(2,633,949)	$ 7,301,892
Short-term borrowings	$ -	$ 690,485	$ -	$ -	$ 690,485
Customer deposits	-	2,116,046	-	(338)	2,115,708
Long-term debt	-	1,968,967	42,710	-	2,011,677
FHLB borrowings	-	104,000	-	-	104,000
Other liabilities	245	163,894	1,375,840	38	1,540,017
Net intercompany advances	1,794,573	(1,083,579)	(710,993)	(1)	-
Stockholders' equity	840,005	132,389	2,501,259	(2,633,648)	840,005
Total liabilities and stockholders' equity	$ 2,634,823	$ 4,092,202	$ 3,208,816	$(2,633,949)	$ 7,301,892

April 30, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Cash & cash equivalents	$ -	$ 34,611	$ 630,933	$ (647)	$ 664,897
Cash & cash equivalents — restricted	-	6,214	817	-	7,031
Receivables, net	139	122,756	411,334	-	534,229
Mortgage loans held for investment	-	966,301	-	-	966,301
Intangible assets and goodwill, net	-	-	978,682	-	978,682
Investments in subsidiaries	4,131,345	-	322	(4,131,345)	322
Assets of discontinued operations	-	987,592	-	-	987,592
Other assets	-	514,463	969,896	12	1,484,371
Total assets	$ 4,131,484	$2,631,937	$ 2,991,984	$(4,131,980)	$ 5,623,425
Customer deposits	$ -	$ 786,271	$ -	$ (647)	$ 785,624
Long-term debt	-	997,885	41,185	-	1,039,070
FHLB borrowings	-	129,000	-	-	129,000
Liabilities of discontinued operations	-	644,446	-	-	644,446
Other liabilities	2	466,236	1,571,178	51	2,037,467
Net intercompany advances	3,143,664	(632,522)	(2,511,103)	(39)	-
Stockholders' equity	987,818	240,621	3,890,724	(4,131,345)	987,818
Total liabilities and stockholders' equity	$ 4,131,484	$2,631,937	$ 2,991,984	$(4,131,980)	$ 5,623,425

Condensed Consolidating Statements of Cash Flows					(in 000s)
Nine Months Ended January 31, 2009	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash used in operating activities:	$ (3,360)	$(1,868,531)	$ (551,671)	$ -	$ (2,423,562)
Cash flows from investing:					
Mortgage loans originated for investment, net	-	72,150	-	-	72,150
Purchase property & equipment	-	(5,366)	(68,547)	-	(73,913)
Payments for business acquisitions	-	-	(290,868)	-	(290,868)
Net intercompany advances	(71,691)	-	-	71,691	-
Investing cash flows of discontinued operations	-	255,066	-	-	255,066
Other, net	-	7,483	16,356	-	23,839
Net cash provided by (used in) investing activities	(71,691)	329,333	(343,059)	71,691	(13,726)
Cash flows from financing:					
Repayments of short-term borrowings	-	(928,983)	-	-	(928,983)
Proceeds from short-term borrowings	-	2,565,281	-	-	2,565,281
Customer deposits	-	1,326,275	-	309	1,326,584
Dividends paid	(147,569)	-	-	-	(147,569)
Acquisition of treasury shares	(7,387)	-	-	-	(7,387)
Proceeds from stock options	69,891	-	-	-	69,891
Proceeds from issuance of stock	141,450	-	-	-	141,450
Net intercompany advances	-	(448,639)	520,330	(71,691)	-
Financing cash flows of discontinued operations	-	4,783	-	-	4,783
Other, net	18,666	-	(1,122)	-	17,544
Net cash provided by financing activities	75,051	2,518,717	519,208	(71,382)	3,041,594
Net increase (decrease) in cash	-	979,519	(375,522)	309	604,306
Cash – beginning of period	-	34,611	630,933	(647)	664,897
Cash – end of period	$ -	$ 1,014,130	$ 255,411	$ (338)	$ 1,269,203

Nine Months Ended January 31, 2008	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Elims	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 35,374	$(2,786,795)	$ (588,696)	$ -	$ (3,340,117)
Cash flows from investing:					
Mortgage loans originated for investment, net	-	106,721	-	-	106,721
Purchase property & equipment	-	3,007	(80,233)	-	(77,226)
Payments for business acquisitions	-	-	(23,835)	-	(23,835)
Net intercompany advances	89,728	-	-	(89,728)	-
Investing cash flows from discontinued operations	-	(5,424)	3,749	-	(1,675)
Other, net	-	7,046	336	-	7,382
Net cash provided by (used in) investing activities	89,728	111,350	(99,983)	(89,728)	11,367
Cash flows from financing:					
Repayments of commercial paper	-	(5,125,279)	-	-	(5,125,279)
Proceeds from commercial paper	-	4,133,197	-	-	4,133,197
Repayments of other borrowings	-	(2,161,177)	-	-	(2,161,177)
Proceeds from other borrowings	-	5,097,662	-	-	5,097,662
Proceeds from issuance of LT debt	-	599,376	-	-	599,376
Customer deposits	-	828,872	-	-	828,872
Dividends paid	(137,049)	-	-	-	(137,049)
Acquisition of treasury shares	(7,237)	-	-	-	(7,237)
Proceeds from stock options	14,527	-	-	-	14,527
Net intercompany advances	-	(469,856)	380,128	89,728	-
Financing cash flows of discontinued operations	-	634,208	-	-	634,208
Other, net	4,657	(4,428)	(32,560)	-	(32,331)
Net cash provided by (used in) financing activities	(125,102)	3,532,575	347,568	89,728	3,844,769
Net increase (decrease) in cash	-	857,130	(341,111)	-	516,019
Cash – beginning of period	-	60,197	756,720	-	816,917
Cash – end of period	$ -	$ 917,327	$ 415,609	$ -	$ 1,332,936

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

RESULTS OF OPERATIONS

H&R Block provides tax services, banking services and business and consulting services. Our Tax Services segment provides income tax return preparation services, electronic filing services and other services and products related to income tax return preparation to the general public primarily in the United States, Canada and Australia. Our Business Services segment consists of RSM McGladrey, Inc. (RSM), a national accounting, tax and business consulting firm primarily serving mid-sized businesses. Our Consumer Financial Services segment offers retail banking through H&R Block Bank (HRB Bank).

On August 12, 2008, we announced the signing of a definitive agreement to sell H&R Block Financial Advisors, Inc. (HRBFA) to Ameriprise Financial, Inc. (Ameriprise), and completed the disposition of this business effective November 1, 2008. As of January 31, 2009, the results of operations of HRBFA and its direct corporate parent are presented as discontinued operations in the condensed consolidated financial statements. All periods presented have been reclassified to reflect our discontinued operations. See additional discussion in note 17 to our condensed consolidated financial statements.

TAX SERVICES

This segment primarily consists of our income tax preparation businesses — retail, online and software. Additionally, this segment includes commercial tax businesses, which provide tax preparation software to CPAs and other tax preparers.

Tax Services – Operating Statistics (U.S. only)		
Period November 1 through January 31,	2009	2008
Tax returns prepared (in 000s):		
Company-owned operations (1)	2,579	2,430
Franchise operations	1,339	1,427
Total retail operations	3,918	3,857
Software	780	799
Online	643	396
Free File Alliance	178	306
Total digital tax solutions	1,601	1,501
	5,519	5,358
Net average fee per tax return prepared: (2)		
Company-owned operations	$202.07	$181.19
Franchise operations	171.67	157.91
	$191.68	$172.58
Offices:		
Company-owned	7,029	6,835
Company-owned shared locations (3)	1,542	1,478
Total company-owned offices	8,571	8,313
Franchise	3,565	3,812
Franchise shared locations (3)	787	913
Total franchise offices	4,352	4,725
	12,923	13,038

(1) Fiscal year 2009 returns include approximately 139,000 returns prepared in offices of our last major independent franchise operator, which we acquired in November 2008. Tax returns prepared by this franchise operator in fiscal year 2008 are presented within franchise operations for that year.
(2) Calculated as net tax preparation fees divided by retail tax returns prepared.
(3) Shared locations include offices located within Wal-Mart, Sears and other third-party businesses.

Tax Services – Operating Results				(in 000s)
	Three Months Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Service revenues:				
Tax preparation fees	$534,389	$455,036	$ 620,728	$ 529,423
Other services	75,435	65,766	146,719	134,693
	609,824	520,802	767,447	664,116
Royalties	72,980	61,350	81,963	69,111
Loan participation and related fees	36,123	40,584	36,123	41,737
Other	42,808	39,051	50,571	47,490
Total revenues	761,735	661,787	936,104	822,454
Cost of services:				
Compensation and benefits	251,578	236,048	359,459	343,661
Occupancy	93,474	90,818	253,761	245,886
Depreciation	9,758	9,399	25,963	26,009
Other	73,753	74,943	166,828	176,410
	428,563	411,208	806,011	791,966
Cost of other revenues, selling, general and administrative	202,729	204,700	348,138	356,047
Total expenses	631,292	615,908	1,154,149	1,148,013
Pretax income (loss)	$130,443	$ 45,879	$ (218,045)	$ (325,559)

Three months ended January 31, 2009 compared to January 31, 2008

Tax Services' revenues increased $99.9 million, or 15.1%, for the three months ended January 31, 2009 compared to the prior year. Tax preparation fees increased $79.4 million, or 17.4%, primarily due to a 6.1% increase in U.S. retail tax returns prepared in company-owned offices and an 11.5% increase in the net average fee per U.S. retail tax return. The increase in returns prepared in company-owned offices is primarily due to the November 2008 acquisition of our last major independent franchise operator. See note 3 to the condensed consolidated financial statements for additional information. Excluding operating results attributable to the acquired franchise operator, tax returns prepared in company-owned offices increased 0.5% over the prior year and tax preparation fees increased $52.5 million. Increases in our net average fee are due to a combination of planned pricing increases, higher tax return complexity and lower discounts.

The business of our Tax Services segment is highly seasonal and results for our third quarter represent only a small portion of the tax season. Results reported in our third quarter were positively impacted by a shift of two peak days of tax preparation volume, as compared to prior year results, from February to January. Therefore, third quarter results may not be indicative of the results we expect for the entire fiscal year. We do not expect to maintain this level of revenue or tax return growth throughout the remainder of the tax season. Tax returns prepared in company-owned and franchise offices through February 28, 2009 decreased 3.9% from the prior year, adjusted to exclude the effects of leap year in fiscal 2008. We also expect the increase in the net average fee to moderate throughout the remainder of the tax season.

Other service revenue increased $9.7 million, or 14.7%, primarily due to $8.7 million in additional license fees earned from bank products, mainly refund anticipation checks (RACs). Revenues from our online tax preparation and e-filing services were essentially flat, as an increase in clients was offset by the elimination of separate e-filing fees related to our software units.

Royalty revenue increased $11.6 million, or 19.0%, from the prior year primarily due to an increase in franchise revenues and an increase in royalty rates at sub-franchises of the acquired franchise operator.

Loan participation and related fees decreased $4.5 million, or 11.0%, due to a decline in refund anticipation loan (RAL) volume, as more clients elected to receive RACs.

Other revenues increased $3.8 million, or 9.6%, primarily due to an increase of $12.6 million in fees earned in connection with the Emerald Advance loan program, under which, this segment shares in the revenues and expenses associated with the program. This increase was partially offset by a decline in software sales.

Total expenses increased $15.4 million, or 2.5%, for the three months ended January 31, 2009. Cost of services increased $17.4 million, or 4.2%, from the prior year, due to higher compensation and benefits. Compensation and benefits increased $15.5 million, or 6.6%, primarily due to a 9.9% increase in commission-based wages resulting from a corresponding increase in tax preparation revenues. Cost of other revenues, selling, general and administrative expenses decreased slightly from the prior year, as declines in corporate wages and corporate shared services were offset by a $14.7 million increase in marketing expenses. Bad debt expense related to lending products was essentially flat compared to the prior year, as the negative impact of the elimination of cross-collect practices by lending banks in the prior year was offset in the current year by higher bad debt expense due to higher numbers of Emerald Advance lines of credit.

Pretax income for the three months ended January 31, 2009 was $130.4 million, compared to income of $45.9 million in the prior year.

Nine months ended January 31, 2009 compared to January 31, 2008

Tax Services' revenues increased $113.7 million, or 13.8%, for the nine months ended January 31, 2009 compared to the prior year. Tax preparation fees increased $91.3 million, or 17.2%, primarily due to a 6.6% increase in our U.S. retail tax returns prepared in company-owned offices and an 11.2% increase in the net average fee per U.S. retail tax return. The increase in tax returns prepared is primarily due to the acquisition of our last major independent franchise operator, as discussed above. Excluding operating results attributable to the acquired franchise operator, tax returns prepared increased 1.3% over the prior year.

Other service revenue increased $12.0 million, or 8.9%, primarily due to $9.1 million in additional license fees earned from bank products, mainly RACs. Additionally, we earned $4.8 million in connection with an agreement with HRB Bank for the H&R Block Emerald Prepaid MasterCard®, under which, this segment shares in the revenues and expenses associated with this program.

Royalty revenue increased $12.9 million, or 18.6%, from the prior year primarily due to an increase in franchisee revenues and certain royalty rates, as discussed above.

Loan participation and related fees decreased $5.6 million, or 13.5%, due to a decline in RAL volume, as more clients elected to receive RACs.

Other revenues increased $3.1 million, or 6.5%, primarily due to $13.1 million in incremental fees earned in connection with the Emerald Advance loan program. This increase was partially offset by a decline in software sales.

Total expenses increased $6.1 million, or 0.5%, for the nine months ended January 31, 2009. Cost of services increased $14.0 million, or 1.8%, over the prior year, due to higher compensation and benefits and occupancy expenses, partially offset by declines in other expenses. Compensation and benefits increased $15.8 million, or 4.6%, primarily as a result of an 8.9% increase in commission-based wages. Occupancy expenses increased $7.9 million, or 3.2%, primarily as a result of higher rent and utilities expenses due to a 3.1% increase in company-owned offices under lease and a 2.9% increase in the average rent. Other cost of services decreased $9.6 million, or 5.4%, primarily due to a $6.5 million decline in supplies expenses as our tax training schools move to more computer-based training. Cost of other revenues, selling, general and administrative expenses decreased $7.9 million from the prior year, as declines in RAL bad debt expense, corporate wages and corporate shared services were partially offset by a $17.4 million increase in marketing expenses. Bad debt expense related to our RAL program declined primarily due to the elimination of cross-collect practices by lending banks and changes implemented by the IRS in the prior year, both of which resulted in higher expenses in the prior year.

The pretax loss for the nine months ended January 31, 2009 was $218.0 million, compared to a loss of $325.6 million in the prior year.

BUSINESS SERVICES

This segment offers accounting, tax and consulting services to middle-market companies.

Business Services – Operating Statistics

	Three Months Ended January 31, 2009	2008	Nine Months Ended January 31, 2009	2008
Accounting, tax and consulting:				
Chargeable hours	923,321	984,851	3,075,623	3,297,153
Chargeable hours per person	301	319	905	918
Net billed rate per hour	$ 150	$ 144	$ 147	$ 145
Average margin per person	$ 22,556	$ 23,463	$ 66,162	$ 67,695

Business Services – Operating Results (in 000s)

	Three Months Ended January 31, 2009	2008	Nine Months Ended January 31, 2009	2008
Tax services	$ 78,267	$ 76,222	$265,137	$256,048
Business consulting	60,366	59,369	187,123	175,461
Accounting services	13,904	12,513	40,285	42,198
Capital markets	4,762	9,770	15,545	33,717
Leased employee revenue	2	3,581	52	25,077
Reimbursed expenses	5,883	3,356	14,418	13,923
Other	21,993	27,073	70,313	77,331
Total revenues	185,177	191,884	592,873	623,755
Cost of revenues:				
Compensation and benefits	99,498	107,093	341,540	364,388
Occupancy	20,423	19,138	60,017	54,814
Other	15,969	16,166	46,290	59,723
	135,890	142,397	447,847	478,925
Amortization of intangible assets	3,177	3,372	9,946	10,572
Selling, general and administrative	35,415	39,501	111,599	117,769
Total expenses	174,482	185,270	569,392	607,266
Pretax income	$ 10,695	$ 6,614	$ 23,481	$ 16,489

Three months ended January 31, 2009 compared to January 31, 2008

Business Services' revenues for the three months ended January 31, 2009 declined $6.7 million, or 3.5% from the prior year.

Revenues from core tax, consulting and accounting services increased $4.4 million, or 3.0%, over the prior year, however, these increases were offset by declines in other revenues.

Capital markets revenues decreased $5.0 million, or 51.3%, primarily due to a 68.8% decline in the number of transactions closed in the current year.

Leased employee revenue decreased $3.6 million primarily due to a change in organizational structure between the businesses we acquired from American Express Tax and Business Services, Inc. (AmexTBS) and the attest firms that, while not affiliates of our company, also serve our clients. Employees we previously leased to the attest firms were transferred to the separate attest practices in the prior fiscal year. As a result, we no longer record the revenues and expenses associated with leasing these employees.

Other revenue declined $5.1 million, or 18.8%, primarily due to a decrease in outside contractor services performed for our clients.

Total expenses decreased $10.8 million, or 5.8%, from the prior year. Compensation and benefits decreased $7.6 million, or 7.1%, due to lower commissions related to capital markets and the change in organizational structure with AmexTBS discussed above. Selling, general and administrative expenses decreased $4.1 million primarily as a result of our cost reduction program.

Pretax income for the three months ended January 31, 2009 was $10.7 million compared to $6.6 million in the prior year.

Nine months ended January 31, 2009 compared to January 31, 2008

Business Services' revenues for the nine months ended January 31, 2009 declined $30.9 million, or 5.0% from the prior year.

Tax revenues increased $9.1 million due to increases in net billed rate per hour. Business consulting revenues increased $11.7 million primarily due to a large one-time financial institutions engagement. Capital markets revenues decreased $18.2 million, or 53.9%, primarily due to a 43.2% decline in the number of transactions closed in the current year.

Leased employee revenue decreased $25.0 million primarily due to a change in organizational structure with AmexTBS, as discussed above.

Other revenue declined $7.0 million, or 9.1%, primarily due to a decrease in outside contractor services performed for our clients.

Total expenses decreased $37.9 million, or 6.2%, from the prior year. Compensation and benefits and other cost of revenues decreased primarily due to reductions in commissions related to capital markets and the change in organizational structure with AmexTBS as discussed above. Selling, general and administrative expenses decreased $6.2 million primarily as a result of our cost reduction program.

Pretax income for the nine months ended January 31, 2009 was $23.5 million compared to $16.5 million in the prior year.

CONSUMER FINANCIAL SERVICES

This segment is engaged in providing retail banking offerings to Tax Services clients through HRB Bank. HRB Bank offers traditional banking services including prepaid debit card accounts, checking and savings accounts, individual retirement accounts and certificates of deposit. This segment previously included HRBFA, which has been presented as a discontinued operation in the accompanying condensed consolidated financial statements.

Consumer Financial Services – Operating Statistics

	Three Months Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Annualized net interest margin (1)	6.32%	4.65%	4.56%	3.09%
Annualized pretax return on average assets (2)	(0.72)%	3.47%	(3.65)%	1.23%
Total assets (in 000s)	$ 2,610,019	$ 2,395,156	$ 2,610,019	$ 2,395,156
Mortgage loans held for investment:				
Loan loss reserve as a% of mortgage loans	8.82%	1.49%	8.82%	1.49%
Delinquency rate (30+ days)	16.29%	7.13%	16.29%	7.13%

(1) Defined as annualized net interest revenue divided by average bank earning assets. See "Reconciliation of Non-GAAP Financial Information" at the end of Part I, Item 2.

(2) Defined as annualized pretax banking income divided by average bank assets. See "Reconciliation of Non-GAAP Financial Information" at the end of Part I, Item 2.

Consumer Financial Services – Operating Results				(in 000s)
	Three Months Ended January 31,		Nine Months Ended January 31,	
	2009	2008	2009	2008
Interest income:				
Mortgage loans	$ 11,131	$17,198	$ 36,494	$ 60,140
Other	21,193	11,881	23,467	13,913
	32,324	29,079	59,961	74,053
Interest expense:				
Deposits	3,719	11,464	11,646	37,928
FHLB advances	1,326	1,349	3,981	4,709
	5,045	12,813	15,627	42,637
Net interest income	27,279	16,266	44,334	31,416
Provision for loan loss reserves	(13,870)	(419)	(51,953)	(12,345)
Other	12,871	10,225	21,019	15,555
Total revenues (1)	26,280	26,072	13,400	34,626
Non-interest expenses	29,548	13,754	49,414	21,875
Pretax income (loss)	$ (3,268)	$12,318	$(36,014)	$ 12,751

(1) Total revenues, less provision for loan loss reserves on mortgage loans held for investment and interest expense.

Three months ended January 31, 2009 compared to January 31, 2008

Consumer Financial Services' revenues, net of interest expense and provision for loan loss reserves, for the three months ended January 31, 2009 was essentially flat compared to the prior year.

Net interest income increased $11.0 million, or 67.7%, over the prior year, primarily due to an $11.2 million increase in interest income received on our Emerald Advance loan program resulting from higher volumes. Interest income on mortgage loans held for investment and interest expense on deposits declined $6.1 million and $7.7 million, respectively, due to lower interest rates and lower average balances in the corresponding asset or liability. Interest income on mortgage loans held for investment is also declining due to an increase in non-accrual loans from $44.8 million at January 31, 2008 to $258.2 million at January 31, 2009. The following table summarizes the key drivers of net interest income:

(dollars in 000s)

	Average Balance		Average Rate Earned (Paid)	
Three Months Ended January 31,	2009	2008	2009	2008
Loans	$ 870,060	$1,089,566	5.12%	6.31%
Emerald Advance lines of credit	375,255	171,925	36.00%	36.00%
Investments	545,825	154,498	0.21%	4.20%
Deposits	1,311,362	989,113	(1.13%)	(4.60%)

Our non-performing assets consist of the following:

(in 000s)

Balance at	January 31, 2009	April 30, 2008
Impaired loans	$ 258,157	$ 128,941
Real estate owned (1)	51,919	350
Total non-performing assets	$ 310,076	$ 129,291

(1) Includes loans accounted for as in-substance foreclosures of $39.7 million at January 31, 2009.

Detail of our mortgage loans held for investment and the related allowance at January 31, 2009 and April 30, 2008 is as follows:

(dollars in 000s)

	Outstanding Principal Balance	Loan Loss Allowance	%30+Days Past Due	Average FICO
As of January 31, 2009:				
Purchased from SCC	$ 547,832	$ 71,880	23.39%	639
All other	303,370	3,735	3.07%	717
	$ 851,202	$ 75,615	16.29%	667
As of April 30, 2008:				
Purchased from SCC	$ 683,889	$ 43,769	17.53%	664
All other	320,751	1,632	2.07%	721
	$ 1,004,640	$ 45,401	11.71%	682

Mortgage loans held for investment include loans originated by our affiliate, Sand Canyon Corporation (SCC), and purchased by HRB Bank totaling $547.8 million, or approximately 64% of the total loan portfolio at January 31, 2009. Loans originated by and purchased from SCC have characteristics which are representative of Alt-A loans – loans to customers who have credit ratings above sub-prime, but may not conform to government-sponsored standards. As such, we have experienced higher rates of delinquency and have greater exposure to loss with respect to this segment of our loan portfolio. Cumulative losses on our original loan portfolio purchased from SCC and retained for investment, including losses on loans now classified as other real estate, totaled approximately 15% at January 31, 2009. Our remaining loan portfolio totaled $303.4 million and is characteristic of a prime loan portfolio, and we believe subject to a lower loss exposure.

We recorded a provision for loan losses on our mortgage loans held for investment of $13.9 million during the current quarter, compared to $0.4 million in the prior year. Our loan loss provision increased as a result of continued declines in residential home prices, particularly in certain states where we have a higher concentration of loans, as well as reserves on modified loans. Our allowance for loan losses as a percent of mortgage loans was 8.82%, or $75.6 million, at January 31, 2009, compared to 4.49%, or $45.4 million, at April 30, 2008. This allowance represents our best estimate of credit losses inherent in the loan portfolio as of the balance sheet dates.

We record a specific loss allowance for each loan greater than 60 days past due based upon the estimated value of the underlying collateral. Our specific loan loss allowance reflected an average loss severity of 36% at January 31, 2009.

We record a loan loss allowance for loans less than 60 days past due on a pooled basis. In estimating our loan loss allowance for all remaining loans, we stratify the loan portfolio based on our view of risk associated with various elements of the pool and assign estimated loss rates based on those risks. Loss rates are based primarily on historical experience and our assessment of economic and market conditions. Loss rates consider both the rate at which loans will become delinquent (frequency) and the amount of loss that will ultimately be realized upon occurrence of a liquidation of collateral (severity). At January 31, 2009 and April 30, 2008 our weighted average frequency assumption was approximately 13% and 14%, respectively, and included a frequency assumption of approximately 17% relating to the SCC segment of our portfolio. Our weighted average severity assumption increased to 40% at January 31, 2009 from 37.5% at October 31, 2008 and 22% at April 30, 2008, due to declining collateral values during the current year.

For modified loans that we determine meet the definition of a troubled debt restructuring, we record impairment equal to the difference between the principal balance of the loan and the present value of expected future cash flows discounted at the loan's effective interest rate. However, if we assess that foreclosure of a modified loan is probable, we record impairment based upon the estimated fair value of the underlying collateral.

Residential real estate markets are experiencing significant declines in property values and mortgage default rates are increasing. If adverse market trends continue, including trends within our portfolio specifically, we may be required to record additional loan loss provisions, and those losses may be significant.

Non-interest expenses increased $15.8 million from the prior year, primarily due to increases in expenses related to our Emerald Advance loan program.

The pretax loss for the three months ended January 31, 2009 was $3.3 million compared to prior year income of $12.3 million.

Nine months ended January 31, 2009 compared to January 31, 2008

Consumer Financial Services' revenues, net of interest expense and provision for loan loss reserves, for the nine months ended January 31, 2009 decreased $21.2 million from the prior year.

Net interest income increased $12.9 million from the prior year primarily due to an $11.9 million increase in interest income received on our Emerald Advance loan program resulting from higher volumes. Interest income on mortgage loans held for investment and interest expense on deposits declined $23.6 million and $26.3 million, respectively, due to lower interest rates and lower average balances in the corresponding asset or liability. The following table summarizes the key drivers of net interest income:

(dollars in 000s)

	Average Balance		Average Rate Earned (Paid)	
Nine Months Ended January 31,	2009	2008	2009	2008
Loans	$918,803	$1,207,583	5.30%	6.64%
Emerald Advance lines of credit	128,352	57,930	36.00%	36.00%
Investments	246,698	103,979	0.72%	4.77%
Deposits	908,671	991,127	(1.69%)	(5.06%)

We recorded a provision for loan losses on our mortgage loans held for investment of $52.0 million during the current year, compared to $12.3 million in the prior year. Our loan loss provision increased primarily as a result of steep and abrupt declines in residential home prices, as well as increasing delinquencies occurring in our portfolio.

Non-interest expenses increased $27.5 million from the prior year, primarily due to a $5.7 million write-down to fair value recorded on real estate owned and increases in expenses related to our Emerald Advance loan program.

The pretax loss for the nine months ended January 31, 2009 was $36.0 million compared to prior year income of $12.8 million.

Mortgage Loans Held for Investment and Related Assets

State Concentrations

Concentrations of loans to borrowers located in a single state 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. The table below presents outstanding loans by certain state concentrations for our mortgage loans held for investment portfolio:

(dollars in 000s)

	Loans Purchased From SCC	Loans Purchased From Others	Total	Percent of Total	Delinquency Rate (30+ Days)
Florida	$ 70,259	$ 93,094	$163,353	19%	17.09%
California	128,582	15,130	143,712	17%	25.71%
New York	104,792	8,555	113,347	13%	16.78%
Wisconsin	2,247	72,352	74,599	9%	1.77%
All others	241,952	114,239	356,191	42%	14.97%
Total	$ 547,832	$ 303,370	$851,202	100%	16.29%

Real Estate Owned

Amounts classified as real estate owned as of January 31, 2009 and April 30, 2008 totaled $51.9 million and $0.3 million, respectively. The table below presents activity related to our real estate owned:

	(in 000s)
Nine Months Ended January 31,	2009
Balance, beginning of the period	$ 350
Additions	62,774
Sales	(5,506)
Writedowns	(5,699)
Balance, end of the period	$51,919

CORPORATE, ELIMINATIONS AND INCOME TAXES ON CONTINUING OPERATIONS

Three months ended January 31, 2009 compared to January 31, 2008

The pretax loss recorded in our corporate operations for the three months ended January 31, 2009 was $36.1 million compared to $64.4 million in the prior year. The decreased loss is primarily due to severance-related costs of $20.4 million recorded in the prior year, coupled with benefits resulting from the cost reduction program implemented in fiscal year 2008.

Our effective tax rate for continuing operations was 34.3% for the three months ended January 31, 2009. The rate for the current quarter was lower than expected primarily due to benefits recorded as a result of adjustments of our prior year estimated tax provision to actual federal and state returns filed, as well as a net benefit recorded in the quarter resulting from adjustments to our estimated annual effective tax rate. We expect our effective tax rate for full fiscal year 2009 to be approximately 40%. In the prior year, we also recorded certain discrete tax benefits, resulting in a net tax benefit of $6.7 million on pretax income of $0.4 million.

Nine months ended January 31, 2009 compared to January 31, 2008

The pretax loss recorded in our corporate operations for the nine months ended January 31, 2009 was $108.1 million compared to $112.6 million in the prior year. The decreased loss is primarily due to severance-related costs recorded in the prior year and benefits resulting from the cost reduction program implemented in fiscal year 2008. These improvements were partially offset by lower investment income and increased interest expense, as our corporate operations absorbed current year financing costs for all long-term debt.

Our effective tax rate for continuing operations was 42.5% and 41.3% for the nine months ended January 31, 2009 and 2008, respectively. Our effective tax rate increased primarily due to changes in our estimated state tax rate and non-deductible investment losses. We expect our effective tax rate for full fiscal year 2009 to be approximately 40%.

DISCONTINUED OPERATIONS

On August 12, 2008, we announced the signing of a definitive agreement to sell HRBFA to Ameriprise. The disposition of this business was completed effective November 1, 2008. As of January 31, 2009, the results of operations of HRBFA and its direct corporate parent are presented as discontinued operations in the condensed consolidated financial statements. All periods presented have been reclassified to reflect our discontinued operations. See additional discussion in note 17 to our condensed consolidated financial statements.

Discontinued operations also includes the wind-down of our mortgage loan origination business and the sale of our mortgage loan servicing business in the prior year. Also included in the prior year are the results of three smaller lines of business previously reported in our Business Services segment.

Three months ended January 31, 2009 compared to January 31, 2008

The pretax loss of our discontinued operations for the three months ended January 31, 2009 was $20.1 million compared to a loss of $93.4 million in the prior year. The loss from discontinued operations for the prior year period included significant losses from our former mortgage loan businesses, including impairments of residual interests of $14.7 million and losses relating to loan repurchase obligations of $49.5 million.

Losses from discontinued operations in the current quarter consist primarily of a $15.5 million charge relating to the estimated fair value of indemnification obligations undertaken in connection with the disposition of HRBFA, as discussed in note 17 to the condensed consolidated financial statements, and ongoing wind-down costs associated with our former mortgage businesses.

As discussed below, the disposition of HRBFA resulted in a capital loss for income tax purposes, and therefore, we recorded no tax benefit on reported losses during the quarter incurred in connection with the sale. As such, our effective tax rate for discontinued operations was 2.9% for the three months ended January 31, 2009 compared with 41.7% for the three months ended January 31, 2008.

Nine months ended January 31, 2009 compared to January 31, 2008

The pretax loss of our discontinued operations for the nine months ended January 31, 2009 was $47.4 million compared to a loss of $978.0 million in the prior year. The loss from discontinued operations for the prior year period resulted from significant losses from our former mortgage loan businesses, including impairments of residual interests of $125.9 million, losses relating to loan repurchase obligations of $379.4 million and losses on the sale of mortgage loans totaling $118.9 million.

Losses from discontinued operations in the current year consist primarily of the $15.5 million indemnification obligation, as discussed above, and ongoing wind-down costs associated with our former mortgage businesses.

During the current year, we recorded a deferred tax asset totaling $165 million, representing the difference between the tax and book basis in the stock of our brokerage business sold to Ameriprise in November. For tax purposes, we incurred a capital loss upon disposition of that business, which generally can only be utilized to the extent we realize capital gains within five years subsequent to the date of the loss. We don't currently expect to be able to realize a tax benefit for substantially all of this loss and, therefore, recorded a valuation allowance of $155 million, resulting in a net tax benefit during our second fiscal quarter of approximately $10 million.

Our effective tax rate for discontinued operations was 44.2% and 37.4% for the nine months ended January 31, 2009 and 2008, respectively. As discussed above, our effective tax rate increased primarily due to second quarter tax benefits of $10 million recognized in connection with the disposition of HRBFA.

FINANCIAL CONDITION

These comments should be read in conjunction with the condensed consolidated balance sheets, condensed consolidated statements of cash flows and condensed consolidated statements of stockholders' equity found on pages 1, 3 and 4, respectively.

CAPITAL RESOURCES & LIQUIDITY BY SEGMENT

Our sources of capital include cash from operations, issuances of common stock and debt. We use capital primarily to fund working capital, pay dividends, acquire businesses and repurchase treasury shares. Our operations are highly seasonal and therefore generally require the use of cash to fund operating losses during the period May through December.

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 January 31, 2009 are sufficient to meet our operating needs.

Cash From Operations. Cash used in operating activities for the first nine months of fiscal year 2009 totaled $2.4 billion, compared with $3.3 billion for the same period last year. The decline was due primarily to lower losses and reduced working capital requirements of our discontinued businesses.

Debt. We borrow under our CLOCs to support working capital requirements primarily arising from off-season operating losses in our Tax Services and Business Services segments, pay dividends, acquire businesses and repurchase treasury shares. We had $970.8 million outstanding under our CLOCs at January 31, 2009 compared to $1.8 billion at January 31, 2008. See additional discussion in "Borrowings."

We entered into a committed line of credit agreement with HSBC Finance Corporation (HSBC) effective January 14, 2009 for use as a funding source for the purchase of RAL participations. This line provides funding totaling $2.5 billion through March 30, 2009 and $120.0 million thereafter through June 30, 2009. This line is

subject to various covenants that are similar to our primary CLOCs, and is secured by our RAL participations. At January 31, 2009, there was $690.5 million outstanding on this facility.

Issuance of Common Stock. On October 27, 2008, we sold 8.3 million shares of our common stock, without par value, at a price of $17.50 per share in a registered direct offering through subscription agreements with selected institutional investors. We received net proceeds of $141.5 million, after deducting placement agent fees and other offering expenses. The purpose of the equity offering was to ensure we maintained adequate equity levels, as a condition of our CLOCs, during our off-season. Proceeds were used for general corporate purposes.

Proceeds from the issuance of common stock in accordance with our stock-based compensation plans totaled $80.1 million and $17.4 million for the nine months ended January 31, 2009 and 2008, respectively.

Dividends. Dividends paid totaled $147.6 million and $137.0 million for the nine months ended January 31, 2009 and 2008, respectively.

Share Repurchases. 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 over the next four years. We did not repurchase shares during the nine months ended January 31, 2009.

Restricted Cash. We hold certain cash balances that are restricted as to use. Cash and cash equivalents – restricted totaled $75.9 million at January 31, 2009 compared to $7.0 million at April 30, 2008. At January 31, 2009, our corporate operations held $69.4 million of this total, primarily as a requirement of our $2.5 billion line with HSBC Finance Corporation.

Segment Cash Flows. A condensed consolidating statement of cash flows by segment for the nine months ended January 31, 2009 is as follows:

(in 000s)

	Tax Services	Business Services	Consumer Financial Services	Corporate	Discontinued Operations	Consolidated H&R Block
Cash provided by (used in):						
Operations	$(1,824,397)	$(21,612)	$ (647,605)	$ (2,897)	$ 72,949	$ (2,423,562)
Investing	(313,389)	(21,009)	77,116	(11,510)	255,066	(13,726)
Financing	(9,807)	809	1,300,875	1,744,934	4,783	3,041,594
Net intercompany	2,137,931	31,080	261,992	(2,098,205)	(332,798)	—

Tax Services. Tax Services has historically been our largest provider of annual operating cash flows. The seasonal nature of Tax Services generally results in a large positive operating cash flow in our fourth quarter. Tax Services used $1.8 billion in its current nine-month operations for off-season working capital requirements, including the purchase of participation interests in RALs. This segment also used $313.4 million in investing activities primarily related to the acquisition of our last major franchise operator.

Business Services. Business Services funding requirements are largely related to receivables for completed work and "work in process." We provide funding sufficient to cover this segment's working capital needs. This segment used $21.6 million in operating cash flows during the first nine months of the year for off-season working capital requirements. Business Services used $21.0 million in investing activities primarily related to capital expenditures.

Consumer Financial Services. In the first nine months of fiscal year 2009, Consumer Financial Services used $647.6 million in operating cash flows primarily relating to advances under Emerald Advance lines of credit. This segment also provided $77.1 million in investing activities primarily from principal payments received on mortgage loans held for investment and provided $1.3 billion in financing activities due to Emerald Card deposits relating to tax client refunds.

HRB Bank is a member of the Federal Home Loan Bank (FHLB) of Des Moines, which extends credit to member banks based on eligible collateral. At January 31, 2009, HRB Bank had total FHLB advance capacity of $434.1 million. There was $104.0 million outstanding on this facility, leaving remaining availability of $330.1 million. Mortgage loans held for investment of $698.6 million serve as eligible collateral and are used to determine total capacity.

BORROWINGS

The following chart provides the debt ratings for Block Financial LLC (BFC) as of January 31, 2009 and April 30, 2008:

	January 31, 2009			April 30, 2008		
	Short-term	Long-term	Outlook	Short-term	Long-term	Outlook
Moody's	P-2	Baa1	Stable	P-2	Baa1	Negative
S&P	A-2	BBB	Positive	A-3	BBB-	Negative
Fitch	F2	BBB	Stable	F3	BBB	Negative
DBRS	R-2 (high)	BBB (high)	Positive	R-2 (high)	BBB (high)	Negative

At January 31, 2009, we maintained $2.0 billion in revolving credit facilities to support commercial paper issuance and for general corporate purposes. These CLOCs, and outstanding borrowings thereunder, have a maturity date of August 2010 and an annual facility fee in a range of six to fifteen basis points per annum, based on our credit ratings. We had $970.8 million outstanding as of January 31, 2009 to support working capital requirements primarily arising from off-season operating losses, to pay dividends and acquire businesses. These borrowings are included in long-term debt on our condensed consolidated balance sheet due to their contractual maturity date. The CLOCs, among other things, require we maintain at least $650.0 million of net worth on the last day of any fiscal quarter. We had net worth of $840.0 million at January 31, 2009.

Lehman Brothers Bank, FSB (Lehman) is a participating lender in our $2.0 billion CLOCs, with a $50.0 million credit commitment. In September 2008, Lehman's parent company declared bankruptcy. Since then, Lehman has not honored any funding requests under these facilities, thereby effectively reducing our available liquidity under our CLOCs to $1.95 billion. We do not expect this change to have a material impact on our liquidity.

We entered into a committed line of credit agreement with HSBC effective January 14, 2009 for use as a funding source for the purchase of RAL participations. This line provides funding totaling $2.5 billion through March 30, 2009 and $120.0 million thereafter through June 30, 2009. This line is subject to various covenants that are similar to our primary CLOCs, and is secured by our RAL participations. At January 31, 2009, there was $690.5 million outstanding on this facility. Our contract with HSBC provides for them to fund RALs through 2011, with an option to renew, at our discretion, through 2013. We have also had a contract each of the last two years under which HSBC has funded our participation interest in RALs.

Other than the changes outlined above, there have been no material changes in our borrowings from those reported at April 30, 2008 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, 2008 in our Annual Report on Form 10-K.

REGULATORY ENVIRONMENT

Effective October 27, 2008, the Financial Industry Regulatory Authority approved our request to sell HRBFA to Ameriprise, and that disposition was completed effective November 1, 2008.

There have been no other material changes in our regulatory environment from those reported at April 30, 2008 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.

RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

We report our financial results in accordance with generally accepted accounting principles (GAAP). However, we believe certain non-GAAP performance measures and ratios used in managing the business may provide additional meaningful comparisons between current year results and prior periods. Reconciliations to GAAP financial measures are provided below. These non-GAAP financial measures should be viewed in addition to, not as an alternative for, our reported GAAP results.

Banking Ratios					(dollars in 000s)
	Three Months Ended January 31,		Nine Months Ended January 31,		
	2009	2008	2009	2008	
Net Interest Margin – annualized:					
Net interest revenue	$ 27,279	$ 16,266	$ 44,334	$ 31,416	
Net interest revenue – annualized	$ 109,116	$ 65,064	$ 59,112	$ 41,888	
Divided by average earning assets	$ 1,724,636	$ 1,398,583	$ 1,297,427	$ 1,357,562	
	6.32%	4.65%	4.56%	3.09%	
Return on Average Assets – annualized:					
Pretax income (loss)	$ (3,268)	$ 12,318	$ (36,014)	$ 12,751	
Pretax income (loss) – annualized	$ (13,072)	$ 49,272	$ (48,019)	$ 17,001	
Divided by average assets	$ 1,810,957	$ 1,420,599	$ 1,314,452	$ 1,379,865	
	(0.72%)	3.47%	(3.65%)	1.23%	

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, 2008 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

The information below should be read in conjunction with the information included in note 14 to our condensed consolidated financial statements.

RAL Litigation

We have been named as a defendant in numerous lawsuits throughout the country regarding our refund anticipation loan programs (collectively, "RAL Cases"). The RAL Cases have involved a variety of legal theories asserted by plaintiffs. These theories include allegations that, among other things: disclosures in the RAL applications were inadequate, misleading and untimely; the RAL interest rates were usurious and unconscionable; we did not disclose that we would receive part of the finance charges paid by the customer for such loans; untrue, misleading or deceptive statements in marketing RALs; breach of state laws on credit service organizations; breach of contract, unjust enrichment, unfair and deceptive acts or practices; violations of the federal Racketeer Influenced and Corrupt Organizations Act; violations of the federal Fair Debt Collection Practices Act and unfair competition regarding debt collection activities; and that we owe, and breached, a fiduciary duty to our customers in connection with the RAL program.

The amounts claimed in the RAL Cases have been very substantial in some instances, with one settlement resulting in a pretax expense of $43.5 million in fiscal year 2003 (the "Texas RAL Settlement") and other settlements resulting in a combined pretax expense in fiscal year 2006 of $70.2 million. On December 31, 2008, we reached a settlement with the California attorney general in the case entitled *The People of California v. H&R Block, Inc., H&R Block Services, Inc., H&R Block Enterprises, Inc., H&R Block Tax Services, Inc., Block Financial Corporation, HRB Royalty, Inc., and Does 1 through 50,* Case No., CGC-06-449461, in the California Superior Court, San Francisco County (the "California AG Case"). Pursuant to the terms of the settlement, we agreed to pay $2.5 million in restitution to certain clients who obtained a refund anticipation loan or a refund anticipation check, $0.5 million in civil penalties and $1.9 million in fees and costs.

Following settlement of the California AG Case, we have one remaining putative RAL class action. We believe we have meritorious defenses to this RAL Case and we intend to defend it vigorously. There can be no assurances, however, as to the outcome of the pending RAL Case or regarding the impact of the pending RAL Case on our financial statements. There were no other significant developments regarding the RAL Cases during the three months ended January 31, 2009.

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 class action case originally filed in the Circuit Court of Madison County, Illinois on January 18, 2002, in which class certification was granted on August 27, 2003. 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 court has certified plaintiff classes consisting of all persons who reside in 13 specified states and who from January 1, 1997 to final judgment (1) were charged a separate fee for POM by "H&R Block"; (2) were charged a separate fee for POM by an "H&R Block" entity not licensed to sell insurance; or (3) had an unsolicited charge for POM posted to their bills by "H&R Block." Persons who received the POM guarantee through an H&R Block Premium office were excluded from the plaintiff class. In August 2008, we removed the case from state court in Madison County, Illinois to the U.S. District Court for the Southern District of Illinois. On December 17, 2008, the case was remanded back to state court. We have filed a petition to appeal this ruling.

There is one other putative class action pending against us in Texas that involves the POM guarantee. This case is pending before the same judge that presided over the Texas RAL Settlement, involves the same plaintiffs' attorneys that are involved in the Marshall litigation in Illinois, and contains allegations similar to those in the Marshall case. 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, and there can be no assurances as to the outcome of these pending actions 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) entitled *The People of New York v. H&R Block, Inc. and H&R Block Financial Advisors, Inc. et al*. The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. On July 12, 2007, the Supreme Court of the State of New York issued a ruling that dismissed all defendants other than HRBFA and the claims of common law fraud. The intermediate appellate court reversed this ruling on January 6, 2009. We filed a petition for appeal with the highest state appellate court on January 30, 2009. We believe we have meritorious defenses to the claims in this case, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

On January 2, 2008, the Mississippi Attorney General filed a lawsuit in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) entitled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, Inc., et al.* The complaint alleged fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the Express IRA product and sought 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 are no assurances as to its outcome.

In addition to the New York and Mississippi Attorney General actions, a number of civil actions were filed against HRBFA and us concerning the Express IRA product, the first of which was filed on March 17, 2006. Except for two cases pending in state court, all of the civil actions have been consolidated by the panel for Multi-District Litigation into a single action styled *In re H&R Block, Inc. Express IRA Marketing Litigation* in the United States District Court for the Western District of Missouri.

Although we sold HRBFA effective November 1, 2008, we remain responsible for the Express IRA litigation through an indemnification agreement with Ameriprise. The amounts claimed in these cases are substantial. We believe we have meritorious defenses to the claims in these cases, and we intend to defend these cases vigorously, but there are no assurances as to their outcome.

Securities Litigation

On April 6, 2007, a putative class action styled *In re H&R Block Securities Litigation* was filed against the Company and certain of its officers in the United States District Court for the Western District of Missouri. The complaint alleges, among other things, deceptive, material and misleading financial statements and failure to prepare financial statements in accordance with generally accepted accounting principles. The complaint sought unspecified damages and equitable relief. The court dismissed the complaint on February 19, 2008, and plaintiffs appealed the dismissal on March 18, 2008. In addition, plaintiffs in a shareholder derivative action that was consolidated into the securities litigation filed a separate appeal on March 18, 2008, contending that the derivative action was improperly consolidated. The derivative action is *Iron Workers Local 16 Pension Fund v. H&R Block, et al.*, in the United States District Court for the Western District of Missouri, Case No. 06-cv-00466-ODS (instituted on June 8, 2006) and was brought against certain of our directors and officers purportedly on behalf of the Company. The derivative action alleges breach of fiduciary duty, abuse of control, gross mismanagement, waste, and unjust enrichment pertaining to (1) our restatement of financial results in fiscal year 2006 due to errors in determining our state effective income tax rate and (2) certain of our products and business activities. We believe we have meritorious defenses to the claims in these cases and intend to defend this litigation vigorously. We currently do not believe that we will incur a material loss with respect to this litigation.

RSM McGladrey Litigation

RSM McGladrey Business Services, Inc. and certain of its subsidiaries are parties to a putative class action filed on July 11, 2006 and entitled *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 regarding

business valuation services provided by RSM EquiCo, Inc., including fraud, negligent misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, breach of fiduciary duty and unfair competition and seeks unspecified damages, restitution and equitable relief. A hearing on plaintiffs' motion for class certification is scheduled for March 6, 2009. We intend to defend this case vigorously. The amount claimed in this action is substantial and there can be no assurance regarding the outcome and resolution of this matter. It is reasonably possible that we could incur losses with respect to this litigation, although an estimate of such losses cannot be made in light of the early stage of the litigation.

RSM McGladrey, Inc. (RSM) has a relationship with certain public accounting firms (collectively, "the Attest Firms") pursuant to which (1) some RSM employees are also partners or employees of the Attest Firms, (2) many clients of the Attest Firms are also RSM clients, and (3) our RSM McGladrey brand is closely linked to the Attest Firms. The Attest Firms are parties to claims and lawsuits (collectively, "Attest Firm Claims") arising in the normal course of business. Judgments or settlements arising from Attest Firm Claims exceeding the Attest Firms' insurance coverage could have a direct adverse effect on Attest Firm operations and could impair RSM's ability to attract and retain clients and quality professionals. For example, accounting and auditing firms (including one of the Attest Firms) recently have become subject to claims based on losses their clients suffered from investments in investment funds managed by third parties. Although RSM may not have a direct liability for significant Attest Firm Claims, such Attest Firm Claims could 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 the Attest Firm Claims.

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 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) entitled *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. On November 10, 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 (i) advance notice to the Massachusetts Attorney General and (ii) if the Attorney General objects to foreclosure, approval by the court. The preliminary injunction generally applies to loans meeting all of the following four characteristics: (1) adjustable rate mortgages with an introductory period of three years or less, (2) the borrower has a debt-to-income ratio generally exceeding 50 percent, (3) an introductory interest rate at least 2 percent lower than the fully indexed rate (unless the debt-to-income ratio is 55% or greater) and (4) loan-to-value ratio of 97 percent or certain prepayment penalties. We have appealed this preliminary injunction. We believe we have meritorious defenses to the claims in this case, and we intend to defend this case vigorously, but there are no assurances as to its outcome.

SCC also remains subject to potential claims for indemnification and loan repurchases pertaining to loans previously sold. In the current non-prime mortgage environment, it is likely that the frequency of repurchase and indemnification claims may increase over historical experience and give rise to additional litigation. In some instances, H&R Block, Inc. was required to guarantee SCC's obligations. The amounts involved in these

potential claims may be substantial, 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 or settlement of these claims 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.

Other Claims and Litigation

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, wage and hour claims and investment products. We believe we have meritorious defenses to each of these claims, and we are defending or intend to defend them vigorously. The amounts claimed in these claims and lawsuits are substantial in some instances, and the ultimate liability with respect to such litigation and claims 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 be material.

In addition to the aforementioned types of cases, we are 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 effect on our consolidated operating results, financial position or cash flows.

ITEM 1A. RISK FACTORS

Our businesses may be adversely affected by conditions in the global financial markets and economic conditions generally.

Our business may be materially affected by conditions in the global financial markets and economic conditions generally, and these conditions may change suddenly and dramatically. For example, the capital and credit markets have been experiencing extreme volatility and disruption, which have reached unprecedented levels this year. Difficulties in the mortgage and broader credit markets in the United States and elsewhere resulted in a relatively sudden and substantial decrease in the availability of credit and a corresponding increase in funding costs. We cannot predict how long these conditions will exist or how our business or financial statements may be affected. Increases in interest rates or credit spreads, as well as limitations on the availability of credit, such as has occurred recently, may affect our ability to borrow in excess of our current commitments on a secured or unsecured basis, which may adversely affect our liquidity and results of operations. This could increase our cost of funding, which could reduce our profitability.

In addition, the downturn in the residential housing market, rising unemployment and an increase in mortgage defaults has, and may continue, to negatively impact our operating results. An economic recession will likely reduce the ability of our borrowers to repay mortgage loans, and declining home values would increase the severity of loss we may incur in the event of default.

In response to the current financial markets, legislation has been proposed to allow mortgage loan "cram-downs," which would empower courts to modify the terms of mortgage loans including a reduction in the principal amount to reflect lower underlying property values. This could result in our writing down the balance of those mortgage loans in bankruptcy to reflect their current collateral values. The availability of principal reductions or other mortgage loan modifications could make bankruptcy a more attractive option for troubled borrowers, leading to increased bankruptcy filings and accelerated defaults.

In addition to mortgage loans, we also extend secured and unsecured credit to other customers, including refund anticipation loans and Emerald Advance lines of credit to our tax preparation customers. We may incur significant losses on credit we extend, which in turn could reduce our profitability.

Other than the item discussed above, there have been no material changes in our risk factors from those reported at April 30, 2008 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 third quarter of fiscal year 2009 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 (2)
November 1 – November 30	147	$ 19.35	-	$ 2,000,000
December 1 – December 31	-	$ -	-	$ 2,000,000
January 1 – January 31	4	$ 22.41	-	$ 2,000,000

(1) We purchased 150,358 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 over the next four years.

ITEM 6. EXHIBITS

10.1 Third Amendment to Program Contracts dated as of December 5, 2008 by and among HSBC Bank USA, HSBC Trust Company (Delaware), N.A., HSBC Taxpayer Financial Services Inc., Beneficial Franchise Company Inc., HRB Tax Group, Inc., H&R Block Tax Services LLC, H&R Block Enterprises LLC, H&R Block Eastern Enterprises, Inc., HRB Digital LLC, Block Financial LLC, HRB Innovations, Inc., HSBC Finance Corporation, and H&R Block, Inc.*

10.2 Credit and Guarantee Agreement dated as of January 14, 2009, among Block Financial LLC, H&R Block, Inc. and HSBC Finance Corporation.

10.3 Separation and Release Agreement dated January 21, 2009 between RSM McGladrey Business Services and Steven Tait.**

10.4 H&R Block, Inc. Deferred Compensation Plan for Executives (amended and restated effective December 31, 2008).**

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.

* Confidential information has been omitted from this exhibit and filed separately with the Commission pursuant to a confidential treatment request under Rule 24b-2.

** 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.

/s/ Russell P. Smyth
Russell P. Smyth
President and Chief Executive Officer
March 6, 2009

/s/ Becky S. Shulman
Becky S. Shulman
Senior Vice President, Treasurer and
Chief Financial Officer
March 6, 2009

/s/ Jeffrey T. Brown
Jeffrey T. Brown
Vice President and
Corporate Controller
March 6, 2009

Exhibit 10.1

EXECUTION COPY

THIRD AMENDMENT TO
PROGRAM CONTRACTS

NOTE: CERTAIN MATERIAL HAS BEEN OMMITTED FROM THIS AGREEMENT PURSUANT TO A REQUEST FOR CONFIDENTIAL TREATMENT UNDER RULE 24b-2. THE LOCATIONS OF THESE OMISSIONS ARE INDICATED THROUGHOUT THE AGREEMENT BY THE FOLLOWING MARKINGS: [***].

This Third Amendment to Program Contracts (this "Third Amendment"), dated as of December 5, 2008, is made by and among the following parties (collectively, the "Parties"):

HSBC Bank USA, National Association, a national banking association ("HSBC NA");

HSBC Trust Company (Delaware), N.A., a national banking association ("HSBC Trust");

HSBC Taxpayer Financial Services Inc., a Delaware corporation ("HSBC TFS");

Beneficial Franchise Company Inc., a Delaware corporation ("Beneficial Franchise");

HRB Tax Group, Inc., formerly H&R Block Services, Inc., a Missouri corporation ("Block Services") and successor by assignment of H&R Block Associates, L.P.'s, a Delaware limited partnership, ("Block Enterprises") rights and obligations under the Program Contracts;

H&R Block Tax Services LLC, a Delaware limited liability company, successor by merger to H&R Block Tax Services, Inc., a Missouri corporation ("Block Tax Services");

H&R Block Enterprises LLC, a Delaware limited liability company, successor by merger to H&R Block Enterprises, Inc., a Missouri corporation ("Block Enterprises");

H&R Block Eastern Enterprises, Inc., a Missouri corporation ("Block Eastern Enterprises");

HRB Digital LLC, a Delaware limited liability company, successor by merger to H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company ("Block Digital");

Block Financial LLC, a Delaware limited liability company, successor by merger to Block Financial Corporation, a Delaware corporation;

HRB Innovations, Inc., formerly HRB Royalty, Inc., a Delaware corporation ("Royalty");

HSBC Finance Corporation, a Delaware corporation ("HSBC Finance"); and

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

RECITALS

A. All the Parties hereto or their predecessors in interest, other than HSBC Trust, entered into that certain HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 (the "Original Retail Distribution Agreement").

B. All the Parties hereto, including HSBC Trust, as well as Block Financial Corporation, a Delaware corporation, predecessor in interest to Block Financial LLC, a Delaware limited liability company ("BFC"), entered into that certain Joinder and First Amendment to Program Contracts, dated as of November 10, 2006 (the "First Amendment"), which amended the Original Retail Distribution Agreement and the other Program Contracts (as defined therein).

C. All the Parties hereto, including HSBC Trust, entered into that certain Second Amendment to Program Contracts, dated as of November 13, 2006, (the "Second Amendment"), which amended the Original Retail Distribution Agreement and the other Program Contracts (as defined therein).

D. The Parties hereto desire to amend the Original Retail Distribution Agreement, as amended by the First Amendment and the Second Amendment (the Original Retail Distribution Agreement, as amended by the First Amendment and the Second Amendment, and all subsequent amendments and restatements thereof and supplemental thereto, is referred to as the "Retail Distribution Agreement").

AGREEMENT

ACCORDINGLY, the Parties to this Third Amendment agree as follows:

Section 1. Successors and Name Changes. The Block Companies represent that the following mergers and name changes have occurred, and each of the Parties hereby acknowledges the following:

(a) Effective as of October 10, 2008, H&R Block Services, Inc., a Missouri corporation has changed its name to "HRB Tax Group, Inc.," and accordingly all references to "H&R Block Services, Inc." in the Program Contracts shall be deemed to be a reference to HRB Tax Group, Inc.

(b) Effective as of December 31, 2007, H&R Block Tax Services LLC, a Delaware limited liability company, is the successor by merger to H&R Block Tax Services, Inc., a Missouri corporation ("Block Tax Services") and accordingly succeeds to all of H&R Block Tax Services, Inc.'s rights and obligations under the Program Contracts;

(c) Effective as of December 31, 2007, H&R Block Enterprises LLC, a Delaware limited liability company, is the successor by merger to H&R Block Enterprises, Inc., a Missouri corporation ("Block Enterprises") and accordingly succeeds to all of H&R Block Enterprises, Inc.'s rights and obligations under the Program Contracts;

(d) Effective as of December 31, 2007, HRB Digital LLC, is successor by merger to H&R Block Digital Tax Solutions, LLC, a Delaware limited liability company ("Block Digital") and accordingly succeeds to all of H&R Block Digital Tax Solutions, LLC's rights and obligations under the Program Contracts;

(e) Effective as of December 31, 2007, Block Financial LLC, a Delaware limited liability company, is the successor by merger to BFC and accordingly succeeds to all of BFC's rights and obligations under the Program Contracts; and

(f) Effective as of December 31, 2007, HRB Royalty, Inc., a Delaware corporation has changed its name to "HRB Innovations, Inc.," and accordingly all references to "Royalty" in the Program Contracts shall be deemed to be a reference to HRB Innovations, Inc.

(g) Effective as of July 1, 2008, H&R Block Associates, L.P. was dissolved.

Section 2. Removal of H&R Block Associates, L.P. and Beneficial Franchise Company Inc. as parties. The Parties hereby consent to the removal of the following parties to the Program Contracts: H&R Block Associates, L.P. effective as of July 1, 2008 and Beneficial Franchise Company Inc. effective as of December 31, 2007. Block Services hereby assumes all remaining obligations of H&R Block Associates, L.P. under the Program Contracts.

Section 3. Paper Stock Reimbursement. Effective as of July 1, 2006, delete Section 14.12 of the Retail Distribution Agreement and insert the following in lieu thereof:

"Section 14.12. Paper Stock Reimbursement. HSBC TFS shall reimburse the Block Companies an amount equal to (a) fifty percent (50%) of all expenses, in the aggregate, incurred during each year of the Term of this Retail Distribution Agreement by any of the Block Companies (including, without duplication, expenses related to Franchisees) with respect to the purchase, production, transportation and storage of the following paper documents relating to the Settlement Products Program: pre-printed applications, documents entitled "Facts about RALs", RAL and RAC related disclosures required by state and local law, client status of application letters, RAL debt collection notification letters, and check stock, *less* (b) eight hundred thousand dollars ($800,000). Within thirty (30) days following the last day of any year of the Term of this Retail Distribution Agreement, the Block Enterprise Entities shall submit an invoice to HSBC TFS setting forth the amount due hereunder, which invoice shall also list the aggregate expenses of the Block Companies with respect to those items described in the immediately preceding sentence. HSBC TFS shall

pay the Block Enterprise Entities the amount due hereunder within thirty (30) days of receipt of such invoice from the Block Enterprise Entities. All payments made hereunder shall be via ACH credit to an account designated in writing by the Block Enterprise Entities."

Section 4.[***] . Effective as of July 1, 2008, add new Sections 14.3(d), (e), and (f) to the Retail Distribution Agreement, as follows:

"(d) If an actual [***] .

(e) The Block Companies shall provide to HSBC TFS a tracking report prior to June 15 each year, which tracking report will include [***] .

(f) HSBC TFS has the right to engage a third party at its own expense (a nationally recognized firm such as Experian) to audit the Block Companies' determination of the number of actual [***] ."

Section 5. [***] . Effective as of July 1, 2008, add new Sections 14.4(d), (e), and (f) to the Retail Distribution Agreement, as follows:

"(d) If an actual [***] .

(e) The Block Companies shall provide to HSBC TFS a tracking report prior to June 15 each year, which tracking report will include [***] .

(f) HSBC TFS has the right to engage a third party at its own expense (a nationally recognized firm such as Experian) to audit the Block Companies' determination of the number of actual [***] ."

Section 6. [***] . Effective as of July 1, 2008, add new Sections 14.5(d), (e), and (f) to the Retail Distribution Agreement, as follows:

"(d) If an actual [***] .

(e) The Block Companies shall provide to HSBC TFS a tracking report prior to June 15 each year, which tracking report will include [***] .

(f) HSBC TFS has the right, at its own expense, to engage a third party (a nationally recognized firm such as Experian) to audit the Block Companies' determination of the number of actual [***] ."

Section 7. Notices. Effective as of September 15, 2008, in Section 22.3 in the Retail Distribution Agreement, delete the notice information pertaining to HSBC Finance and insert the following in lieu thereof:

"If to HSBC Finance: HSBC Finance Corporation

200 Somerset Corporate Blvd.
Bridgewater, NJ 08807
Telephone: 908-203-2414
Facsimile: 908-203-4211
Attention: Susan E. Artmann

With a copy to (which shall not Constitute notice hereunder):

HSBC Finance Corporation
26525 N. Riverwoods Blvd.
Mettawa, IL 60045
Telephone: 224-544-2936
Facsimile: 225-552-2936
Attention: Managing General Counsel"

Section 8. Reference to and Effect Upon the Existing Program Contracts.

(a) Except as explicitly stated in this Third Amendment, all terms of the Program Contracts as in effect immediately preceding execution of this Third Amendment shall remain in full force and effect as provided therein and in accordance with the terms thereof.

(b) Except as explicitly stated in this Third Amendment, the execution, delivery and effectiveness of this Third Amendment shall not operate as a waiver of any right, power or remedy of any party under the Program Contracts as in effect immediately preceding execution of this Third Amendment, nor constitute a waiver of any provision of the Program Contracts as in effect immediately preceding execution of this Third Amendment.

(c) Upon the effectiveness of this Third Amendment, each reference in each of the Program Contracts to "*this Agreement*", "*hereunder*", "*hereof,*" "*herein*" or words of similar import shall mean and be a reference to such Program Contract as amended by this Third Amendment.

Section 9. Headings. Headings and captions used in this Third Amendment (including all exhibits and schedules thereto) are included herein for convenience of reference only and shall not constitute a part of this Second Amendment for any other purpose or be given any substantive effect.

Section 10. Alternative Dispute Resolution. **ANY DISPUTE BETWEEN OR AMONG THE PARTIES HERETO ARISING OUT OF OR RELATING TO THIS THIRD AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREIN (EXCEPT JUDICIAL ACTION FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF) SHALL BE RESOLVED AMONG THE PARTIES TO SUCH DISPUTE BY NEGOTIATIONS, MEDIATION AND ARBITRATION IN ACCORDANCE WITH THE PROVISIONS OF ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, WHICH ARE INCORPORATED HEREIN BY REFERENCE.**

Section 11. Governing Law; Submission To Jurisdiction. **THIS THIRD AMENDMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MISSOURI. WITHOUT LIMITING THE**

EFFECT OF SECTION 5 HEREOF AND ARTICLE XXI OF THE RETAIL DISTRIBUTION AGREEMENT, EACH OF THE PARTIES HERETO (A) SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE FEDERAL AND/OR STATE COURTS SITTING IN ST. LOUIS, MISSOURI FOR PURPOSES OF ALL LEGAL PROCEEDINGS FOR SPECIFIC PERFORMANCE OR INJUNCTIVE RELIEF PERMITTED BY SECTION 21.12 OF THE RETAIL DISTRIBUTION AGREEMENT, (B) IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF THE VENUE OF ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT AND ANY CLAIM THAT ANY SUCH PROCEEDING BROUGHT IN SUCH A COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM, (C) IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN SUCH PROCEEDING IN THE MANNER PROVIDED FOR NOTICES IN SECTION 22.3 OF THE RETAIL DISTRIBUTION AGREEMENT, AND (D) AGREES THAT NOTHING IN THIS THIRD AMENDMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS THIRD AMENDMENT TO SERVE PROCESS IN ANY SUCH PROCEEDING IN ANY OTHER MANNER PERMITTED BY LAW.

Section 12. Waiver of Jury Trial. **WITHOUT LIMITING THE EFFECT OF SECTION 9 HEREOF, EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING OUT OF OR RELATING TO THIS THIRD AMENDMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY**.

Section 13 Counterparts. This Third Amendment may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Third Amendment shall become effective upon the execution of a counterpart hereof by each of the parties hereto

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the following Parties have caused this Third Amendment to Program Contracts to be executed by their respective duly authorized officers as of the date first set forth above.

HSBC BANK USA, NATIONAL ASSOCIATION,
a national banking association

By: /s/ Eesh K. Bansal
Name: Eesh K. Bansal
Title: SVP, Business Performance

HSBC TRUST COMPANY (DELAWARE), N.A.,
a national banking association

By: /s/ Richard D. Leigh
Name: Richard D. Leigh
Title: President

HSBC TAXPAYER FINANCIAL SERVICES INC.,
a Delaware corporation

By: /s/ John Butler
Name: John Butler
Title: Senior Vice President

BENEFICIAL FRANCHISE COMPANY INC.,
a Delaware corporation

By: /s/ Susan E. Artmann
Name: Susan E. Artmann
Title: EVP

HRB TAX GROUP, INC., formerly H&R BLOCK SERVICES, INC., a Missouri corporation

By: /s/ Mark A. Ciaramitaro
Name: Mark A. Ciaramitaro
Title: VP, Products and Distribution

H&R BLOCK TAX SERVICES LLC, a Delaware limited liability company, successor by merger to H&R BLOCK TAX SERVICES, INC., a Missouri corporation

By: /s/ Mark A. Ciaramitaro
Name: Mark A. Ciaramitaro
Title: VP, Products and Distribution

H&R BLOCK ENTERPRISES LLC, a Delaware limited liability company, successor by merger to H&R BLOCK ENTERPRISES, INC., a Missouri corporation

By: /s/ Mark A. Ciaramitaro
Name: Mark A. Ciaramitaro
Title: VP, Products and Distribution

H&R BLOCK EASTERN ENTERPRISES, INC., a Missouri corporation

By: /s/ Mark A. Ciaramitaro
Name: Mark A. Ciaramitaro
Title: VP, Products and Distribution

HRB DIGITAL LLC, a Delaware limited liability company, successor by merger to H&R BLOCK DIGITAL TAX SOLUTIONS, LLC, a Delaware limited liability company

By: /s/ Bret G. Wilson
Name: Bret G. Wilson
Title: Secretary

HRB INNOVATIONS. INC., formerly HRB ROYALTY, INC., a Delaware corporation

By: /s/ Bret G. Wilson
Name: Bret G. Wilson
Title: Secretary

BLOCK FINANCIAL LLC, a Delaware limited liability company, successor by merger to BLOCK FINANCIAL CORPORATION, a Delaware corporation

By: /s/ Mark A. Ciaramitaro
Name: Mark A. Ciaramitaro
Title: VP, Products and Distribution

IN WITNESS WHEREOF, the following Parties hereto have caused this Third Amendment to Program Contracts to be executed by their respective duly authorized officers as of the date first set forth above solely for the limited purpose of acknowledging the amendments set forth herein in connection with such Parties' respective guaranties set forth in Article XX, and also for purposes of Articles XXI and XXII of the Retail Distribution Agreement.

HSBC FINANCE CORPORATION,
a Delaware corporation

By: /s/ Susan E. Artmann
Name: Susan E. Artmann
Title: EVP

H&R BLOCK, INC.,
a Missouri corporation

By: /s/ Bret G. Wilson
Name: Bret G. Wilson
Title: Secretary

CREDIT AND GUARANTEE AGREEMENT

dated as of

January 14, 2009

among

BLOCK FINANCIAL LLC,
as Borrower,

H&R BLOCK, INC.,
as Guarantor,

and

HSBC FINANCE CORPORATION,
as Lender

$2,500,000,000 REVOLVING CREDIT FACILITY

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CREDIT AND GUARANTEE AGREEMENT

CREDIT AND GUARANTEE AGREEMENT, dated as of January 14, 2009, among BLOCK FINANCIAL LLC, a Delaware limited liability company, as Borrower, H&R BLOCK, INC., a Missouri corporation, as Guarantor, and HSBC FINANCE CORPORATION, a Delaware corporation, as Lender.

WHEREAS, the Borrower has requested that the Lender provide a short-term revolving credit facility in an amount of $2,500,000,000;

WHEREAS, the Guarantor has agreed to guarantee all of the Borrower's obligations hereunder; and

WHEREAS, the Lender is willing to provide a short-term revolving credit facility to the Borrower on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the agreements herein and in reliance upon the representations and warranties set forth herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. Capitalized terms used in this Agreement that are not defined below or otherwise herein shall have the meanings set forth in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to the Retail Settlement Products Distribution Agreement. As used in this Agreement, the following terms have the meanings specified below:

"Adjusted Net Worth" means, at any time, Consolidated Net Worth of the Guarantor without giving effect to reductions in stockholders' equity as a result of repurchases by the Guarantor of its own Capital Stock subsequent to April 30, 2005 in an aggregate amount not exceeding $350,000,000.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For the avoidance of doubt, neither the Guarantor nor any of its Subsidiaries shall be deemed to Control any of its franchisees by virtue of provisions in the relevant franchise agreement regulating the business and operations of such franchisee.

"Agreement" means this Credit and Guarantee Agreement.

"Availability Period" means the period from and including the first day in 2009 on which the U.S. Internal Revenue Service accepts electronic filings of personal tax

returns (or, if later, the Closing Date) to but excluding the earlier of the Revolving Termination Date and the date of termination of the Commitments.

"Average Weekly LIBOR" means for each day the average of the LIBO Rate in effect for each of the preceding five Business Days.

"Bank Revolvers" means, collectively, (i) the Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among the Borrower, the Guarantor, various financial institutions and JPMorgan Chase Bank N.A., as Administrative Agent, as amended by the First Amendment thereto dated as of November 28, 2006 and the Second Amendment thereto dated as of November 19, 2007, and any restatement, extension, renewal and replacement thereof (regardless of whether the amount available thereunder is changed or the term thereof is modified) and (ii) the Amended and Restated Five-Year Credit and Guarantee Agreement, dated as of August 10, 2005, among the Borrower, the Guarantor, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent, as amended by the First Amendment thereto dated as of November 28, 2006 and the Second Amendment thereto dated as of November 19, 2007, and any restatement, extension, renewal and replacement thereof (regardless of whether the amount available thereunder is changed or the term thereof is modified).

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

Borrower" means Block Financial LLC, a Delaware limited liability company and a wholly-owned indirect Subsidiary of the Guarantor.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term "Business Day" shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants or options to purchase any of the foregoing.

"Cash Equivalents" means (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing

within one year from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time deposits or overnight bank deposits having maturities of six months or less from the date of acquisition issued by (i) any "Lender" as defined in a Bank Revolver, (ii) any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000 or (iii) any other bank if, and to the extent, covered by FDIC insurance; (c) commercial paper of an issuer rated at least A-1 by S&P or P-1 by Moody's, or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within six months from the date of acquisition; (d) repurchase obligations of any "Lender" as defined in a Bank Revolver or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A2 by Moody's; (f) securities with maturities of six months or less from the date of acquisition backed by standby letters of credit issued by any "Lender" as defined in a Bank Revolver or any commercial bank satisfying the requirements of clause (b) of this definition; (g) money market mutual or similar funds that invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition; (h) money market funds that (i) comply with the criteria set forth in SEC Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $1,000,000,000; (i) interests in privately offered investment funds under Section 3(c)(7) of the U.S. Investment Company Act of 1940 where such interests are (i) freely transferable and (ii) rated AAA by S&P or Aaa by Moody's; and (j) one month LIBOR floating rate asset backed securities that are (i) freely transferable and (ii) rated AAA by S&P or Aaa by Moody's.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934, as amended, and the rules of the Securities and Exchange Commission thereunder as in effect on the date hereof) of shares representing more than 25% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Guarantor; (b) occupation of a majority of the seats (other than vacant seats) on the board of directors of the Guarantor by Persons who were neither (i) nominated by the board of directors of the Guarantor nor (ii) appointed by directors so nominated; (c) the acquisition of direct or indirect Control of the Guarantor by any Person or group; or (d) the failure of the Guarantor to own, directly or indirectly, shares representing 100% of the aggregate ordinary voting power represented by the issued and outstanding Capital Stock of the Borrower.

"Change in Law" means (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the

interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by the Lender (or, for purposes of Section 2.9(b), by any lending office of the Lender or by the Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"Charges" has the meaning assigned to such term in Section 10.13.

"Closing Date" means the date on which the conditions specified in Section 4.2 are satisfied (or waived in accordance with Section 10.2).

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Commitment" means the commitment of the Lender to make Loans, subject to the terms and conditions of this Agreement, in an amount not to exceed (i) $2,500,000,000 from the first day in 2009 on which the U.S. Internal Revenue Service accepts electronic filings of personal tax returns through and including March 30, 2009 and (ii) thereafter, $120,000,000, as such commitment may be reduced from time to time pursuant to Section 2.4.

"Consolidated Net Worth" means, at any time, the total amount of stockholders' equity of the Guarantor and its consolidated Subsidiaries at such time determined on a consolidated basis in accordance with GAAP.

"Contractual Obligation" means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have meanings correlative thereto.

"Control Agreement" means the Investment Account Control Agreement between the Borrower, the Lender and the Securities Intermediary referred to therein in substantially the form of Exhibit B hereto.

"Credit Parties" means the collective reference to the Borrower and the Guarantor.

"Default" means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Disclosed Matters" means (a) matters disclosed in the Borrower's public filings with the Securities and Exchange Commission prior to January 13, 2009 and (b) the actions, suits, proceedings and environmental matters disclosed in Schedule 3.6.

"dollars" or "$" refers to lawful money of the United States of America.

"Effective Date" means the date on which the conditions specified in Section 4.1 are satisfied (or waived in accordance with Section 10.2).

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, to the management, release or threatened release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of any Credit Party or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with any Credit Party, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (b) the existence with respect to any Plan of an "accumulated funding deficiency" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by any Credit Party or any of their ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by any Credit Party or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan; (f) the incurrence by any Credit Party or any of their ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by any Credit Party or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from any Credit Party or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"Eurodollar", when used in reference to any Loan, means that such Loan is bearing interest at a rate determined by reference to the LIBO Rate.

"Events of Default" has the meaning assigned to such term in Article VIII.

"Excluded Taxes" means, with respect to the Lender or any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which the Lender is organized or in which its principal office is located or in which its applicable lending office is located and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Borrower is located.

"Federal Funds Effective Rate" means for each day, the rate per annum which is the average of the rates on the offered side of the Federal funds market quoted by three interbank Federal funds brokers, selected by the Lender, at approximately 2:00 p.m., New York City time, on such day for dollar deposits in immediately available funds, in an amount comparable to the outstanding principal amount of the Loans, as determined by the Lender and rounded upwards, if necessary, to the nearest 1/100 of 1%.

"Federal Funds Margin" means the Federal Funds Margin specified in the Pricing Letter.

"Financial Officer" means the chief financial officer, principal accounting officer, treasurer or controller of the Borrower or the Guarantor, as the context may require.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state, provincial or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other

obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

"Guarantee Obligation" means, as to any Person, any obligation of such Person guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person, whether or not contingent, (a) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (b) to advance or supply funds (i) for the purchase or payment of any such primary obligation or (ii) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (d) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation shall be deemed to be an amount equal as of any date of determination to the stated determinable amount of the primary obligation in respect of which such Guarantee Obligation is made (unless such Guarantee Obligation shall be expressly limited to a lesser amount, in which case such lesser amount shall apply) or, if not stated or determinable, the amount as of any date of determination of the maximum reasonably anticipated liability in respect thereof as determined by such Person in good faith.

"Guarantor" means H&R Block, Inc., a Missouri corporation.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

"Hedging Agreement" means any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement.

"HSBC RAL" means "HSBC RAL" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"HSBC TFS" means HSBC Taxpayer Financial Services Inc., a Delaware corporation.

"HSBC TFS Letter" means a letter agreement between the Borrower, HSBC TFS and the Lender in substantially the form of Exhibit C hereto.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable and accrued expenses incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (k) for purposes of Section 6.2 only, all preferred stock issued by a Subsidiary of such Person. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Indebtedness of a Person shall not include obligations with respect to funds held by such Person in custody for, or for the benefit of, third parties which are to be paid at the direction of such third parties (and are not used for any other purpose).

"Indemnified Taxes" means Taxes other than Excluded Taxes.

"Indemnitee" has the meaning assigned to such term in Section 10.3(b).

"Indirect RAL Participation Transaction" means any transaction by the Guarantor or any Subsidiary involving (a) an investment in a partnership, limited partnership, limited liability company, limited liability partnership, business trust or other pass-through entity which is partially owned by the Guarantor or any Subsidiary, (b) the purchase by such pass-through entity of refund anticipation loans or participation interests in refund anticipation loans (and/or related rights and interests), and (c) the distribution of cash flow received by such pass-through entity with respect to such refund anticipation loans or participation interests therein to the owners of such pass-through entity.

"Information" has the meaning assigned to such term in Section 10.12.

"LIBO Rate" means for each day the rate appearing on the Reuters "LIBOR 01" page (or such other page as may replace such page on that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits) at approximately 11:00 a.m., London time, two London business days prior to such day, as the rate for dollar deposits with a one week maturity. In the event that such rate is not available at

such time for any reason, then the "LIBO Rate" shall be determined for each day by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Lender at approximately 11:00 a.m., London time, two Business Days prior to such day.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities; provided that clause (c) above shall be deemed not to include stock options granted by any Person to its directors, officers or employees with respect to the Capital Stock of such Person.

"Loan Documents" means this Agreement, the Pricing Letter, the Security Agreement, the Control Agreement, the HSBC TFS Letter and the Notes, if any.

"Loans" means the loans made by the Lender to the Borrower pursuant to this Agreement.

"Margin" means the Margin specified in the Pricing Letter.

"Margin Stock" means any "margin stock" as defined in Regulation U of the Board.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property or condition (financial or otherwise) of the Guarantor and the Subsidiaries taken as a whole, (b) the ability of any Credit Party to perform any of its obligations under this Agreement or (c) the rights of or benefits available to the Lenders under this Agreement.

"Material Indebtedness" means Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of any one or more of the Credit Parties and any Subsidiaries in an aggregate principal amount exceeding $40,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of any Credit Party or any Subsidiary in respect of any Hedging Agreement at any time shall be the aggregate amount (giving effect to any netting agreements) that the Credit Party or such Subsidiary would be required to pay if such Hedging Agreement were terminated at such time.

"Material Subsidiary" means any Subsidiary of any Credit Party, other than Sand Canyon Corporation, the aggregate assets or revenues of which, as of the last day of the most recently ended fiscal quarter for which the Borrower has delivered financial statements pursuant to Section 5.1(a) or (b), when aggregated with the assets or revenues of all other Subsidiaries with respect to which the actions contemplated by Section 6.4 are taken, are greater than 5% of the total assets or total revenues, as applicable, of the

Guarantor and its consolidated Subsidiaries, in each case as determined in accordance with GAAP.

"Maximum Rate" has the meaning assigned to such term in Section 10.13.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Notes" means the collective reference to any promissory note evidencing Loans.

"Obligations" means, collectively, the unpaid principal of and interest on the Loans and all other obligations and liabilities of the Borrower (including interest accruing at the then applicable rate provided herein after the maturity of the Loans and interest accruing at the then applicable rate provided herein after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) to the Lender, whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, the Pricing Letter, the Security Agreement, the Control Agreement, the HSBC TFS Letter, any Note or any other document made, delivered or given in connection herewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses or otherwise (including all fees and disbursements of counsel to the Lender that are required to be paid by the Borrower pursuant to the terms of any of the foregoing agreements).

"Other Taxes" means any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement.

"Participant" has the meaning assigned to such term in Section 10.4(c).

"Participation Agreement" means the First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of November 13, 2006, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among the Borrower, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association.

"Participation Interest" means a "Participation Interest" as defined in the Participation Agreement.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Encumbrances" means:

(a) judgment Liens in respect of judgments not constituting an Event of Default under clause (k) of Article VIII;

(b) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.4;

(c) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.4;

(d) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(e) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; and

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Credit Parties or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which any Credit Party or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pricing Letter" means the separate letter agreement, dated the date of this Agreement, among the Borrower, the Guarantor and the Lender, setting forth certain fees and margins payable by the Borrower in connection with this Agreement.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A., as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Prime Rate Margin" means the Prime Rate Margin specified in the Pricing Letter.

"Proceeding" means any suit, action or proceeding arising out of or relating to this Agreement, the Pricing Letter, the Security Agreement, the Control Agreement or the HSBC TFS Letter, or for recognition or enforcement of any judgment.

"Purchase Price" means "Purchase Price" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"RAL Receivables Amount" means, at any time, the difference (but not less than zero) between (i) the aggregate amount of funds received by the Guarantor, any Subsidiary or any qualified or unqualified special purpose entity created by any Subsidiary with respect to the transfer of refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), to any third party in any RAL Receivables Transaction, at or prior to such time, minus (ii) the aggregate amount received by all such third parties with respect to the transferred refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), in all RAL Receivables Transactions, at or prior to such time, excluding from the amounts received by such third parties, the aggregate amount of any origination, set up, structuring or similar fees, all implicit or explicit financing expenses and all indemnification and reimbursement payments paid to any such third party in connection with any RAL Receivables Transaction.

"RAL Receivables Transaction" means any securitization, on — or off — balance sheet financing or sale transaction, involving refund anticipation loans, or participation interests in refund anticipation loans (and/or related rights and interests), that were acquired by the Guarantor, any Subsidiary or any qualified or unqualified special purpose entity created by any Subsidiary.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Restricted Margin Stock" means all Margin Stock owned by the Guarantor and its Subsidiaries to the extent the value of such Margin Stock does not exceed 25% of the value of all assets of the Guarantor and its Subsidiaries (determined on a consolidated basis) that are subject to the provisions of Section 6.3 and 6.4.

"Retail Settlement Products Distribution Agreement" means the HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006, the Second Amendment to Program Contracts dated as of November 13, 2006, and the Third Amendment to Program Contracts dated as of December 5, 2008, and as further amended from time to time, and any restatement,

extension, renewal and replacement thereof, by and among the parties thereto, including, the Lender and the Guarantor.

"Revolving Credit Exposure" means with respect to the Lender at any time, the outstanding principal amount of the Lender's Loans.

"Revolving Termination Date" means the earlier of (i) June 30, 2009 and (ii) the first day after April 15, 2009 on which the aggregate outstanding amount of the Participation Interests purchased by the Borrower in HSBC RALs under the Participation Agreement which have been financed by the making of Loans is less than $60,000,000.

"RSM" means RSM McGladrey, Inc., a Delaware corporation.

"S&P" means Standard & Poor's Ratings Services.

"Sand Canyon Corporation" means Sand Canyon Corporation (formerly known as Option One Mortgage Corporation), a California corporation, and all of its subsidiaries.

"Security Agreement" means a Security Agreement between the Borrower and the Lender in substantially the form of Exhibit A hereto.

"Servicing Agreement" means the First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006 , as amended from time to time, and any restatement, extension, renewal and replacement thereof, among HSBC Bank USA, National Association, HSBC TFS, HSBC Trust Company (Delaware), N.A., and the Borrower.

"Short-Term Debt" means, at any time, the aggregate amount of Indebtedness of the Guarantor and its Subsidiaries at such time (excluding seasonal Indebtedness of H&R Block Canada, Inc.) having a final maturity less than one year after such time, determined on a consolidated basis in accordance with GAAP, plus the aggregate amount of Indebtedness at such time under the Bank Revolvers, minus (a) to the extent otherwise included therein, Indebtedness outstanding at such time (i) under mortgage facilities secured by mortgages and related assets, (ii) incurred to fund servicing obligations required as part of servicing mortgage backed securities in the ordinary course of business, (iii) incurred and secured by broker-dealer Subsidiaries in the ordinary course of business and (iv) deposits and other customary banking related liabilities incurred by banking Subsidiaries in the ordinary course of business, (b) the excess, if any, of (i) the aggregate amount of cash and Cash Equivalents held at such time in accounts of the Guarantor and its Subsidiaries (other than broker-dealer Subsidiaries and banking Subsidiaries) to the extent freely transferable to the Credit Parties and capable of being applied to the Obligations without any contractual, legal or tax consequences over (ii) $15,000,000 and (c) to the extent otherwise included therein, the current portion of long term debt.

"Subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the

accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more Subsidiaries of the parent or by the parent and one or more Subsidiaries of the parent. Notwithstanding the foregoing, no entity shall be considered a "Subsidiary" solely as a result of the effect and application of FASB Interpretation No. 46R (Consolidation of Variable Interest Entities). Unless the context shall otherwise require, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Guarantor, including the Borrower and the Subsidiaries of the Borrower.

"Taxes" means any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"Total Facility Commitments" means the sum of the total "Commitments" under and as defined in the Bank Revolvers.

"Total Facility Loan Outstandings" has the meaning assigned to such term in Section 6.2.

"Transactions" means the execution, delivery and performance by the Credit Parties of the Loan Documents, the borrowing of Loans, the use of the proceeds thereof, and the granting of the security provided for in the Security Agreement.

"Unrestricted Margin Stock" means all Margin Stock owned by the Guarantor and its Subsidiaries other than Restricted Margin Stock.

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

SECTION 1.2. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not

to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.3. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Lender that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Lender notifies the Borrower that the Lender requests an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

THE CREDITS

SECTION 2.1. Commitment. Subject to the terms and conditions set forth herein (including the proviso at the end of Section 6.2) and in the Pricing Letter, the Lender agrees to make revolving loans ("Loans") to the Borrower from time to time during the Availability Period in an aggregate principal amount that will not result in the Lender's Revolving Credit Exposure exceeding the Lender's Commitment as then in effect. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Loans.

SECTION 2.2. Loans. Subject to Section 2.8, all Loans shall be comprised entirely of Eurodollar Loans in accordance herewith. The Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

SECTION 2.3. Funding of Loans. As provided in the HSBC TFS Letter, HSBC TFS shall notify the Lender of the aggregate amount of the Purchase Price for the Participation Interests to be purchased by the Borrower under the Participation Agreement on any Business Day at the same time as HSBC TFS notifies the Borrower of such amount, but in any event not later than 9:30 a.m. New York City time on such Business Day. Subject to the terms and conditions of this Agreement, the Lender shall make a Loan in the amount so notified in respect of each Business Day, by wire transfer of immediately available funds to or as instructed by HSBC TFS by 4:30 p.m., New York City time, on such Business Day; provided, that if the Borrower shall notify the Lender and HSBC TFS not later than one hour after the notification by HSBC TFS referred to in the preceding sentence that the Borrower does not wish to borrow all or

some of the amount so notified by HSBC TFS, then the Lender shall make a Loan in such lesser amount, if any, specified in such notice of the Borrower. The Borrower hereby irrevocably (i) authorizes and instructs the Lender to make Loans by transfer of Loan proceeds directly to or as instructed by HSBC TFS as provided in the preceding sentence and (ii) acknowledges and agrees that Loans will not be disbursed in any other manner or for any other purpose than to fund the purchase by the Borrower of Participation Interests in HSBC RALs under the Participation Agreement. Notices under this Section 2.3 shall be made by telephone discussion with a representative of the Person being notified (and not by voicemail or other form of recorded message) and promptly confirmed by fax. Absent manifest error, the Lender shall be entitled to rely without further inquiry on notices and information received from HSBC TFS or the Borrower as contemplated in this Section 2.3.

SECTION 2.4. Termination and Reduction of Commitment. (a) Unless previously terminated, the Commitment shall terminate on the Revolving Termination Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitment; provided that (i) each reduction of the Commitment shall be in an amount that is an integral multiple of $1,000,000 and not less than $25,000,000 and (ii) the Borrower shall not terminate or reduce the Commitment if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.6, the Revolving Credit Exposure would exceed the Commitment.

(c) The Borrower shall notify the Lender of any election to terminate or reduce the Commitment under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitment delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Lender) on or prior to the specified effective date if such condition is not satisfied. Any termination or reduction of the Commitment shall be permanent.

SECTION 2.5. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay to the Lender (i) the unpaid principal amount of the Loans on March 31, 2009 to the extent that such principal amount exceeds the Commitment on such date and (ii) the then unpaid principal amount of each Loan on the Revolving Termination Date.

(b) The Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to the Lender resulting from each Loan made by the Lender, including the amounts of principal and interest payable and paid to the Lender from time to time hereunder.

(c) The entries made in the account maintained pursuant to paragraph (b) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of the Lender to maintain such account or any error

therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(d) The Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to the Lender a promissory note payable to the order of the Lender (or, if requested by the Lender, to the Lender and its assigns) and in a form approved by the Lender. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 10.4) be represented by one or more promissory notes in such form payable to the order of the payee named therein. In addition, upon receipt of an affidavit of an officer of the Lender as to the loss, theft, destruction or mutilation of the promissory note, the Borrower will issue, in lieu thereof, a replacement promissory note in the same principal amount thereof and otherwise of like tenor.

SECTION 2.6. Prepayment of Loans. (a) The Borrower (i) shall have the right at any time and from time to time voluntarily to prepay the Loans in whole or in part without premium or penalty, subject to prior notice in accordance with paragraph (b) of this Section, and (ii) shall prepay the Loans from time to time in whole or in part without premium or penalty in accordance with paragraph (c) of this Section.

(b) The Borrower shall notify the Lender by telephone discussion with a representative of the Lender (and not by voicemail or other form of recorded message) (confirmed by telecopy) of any voluntary prepayment of Loans under Section 2.6(a)(i), not later than 10:00 a.m., New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of Loans to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.4, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.4.

(c) At any time when there is outstanding unpaid principal on the Loans, the Borrower shall prepay the principal of the Loans in an amount equal to (i) 100% of the amount of all payments constituting repayment of HSBC RALs in which the Borrower has purchased a Participation Interest which are remitted to the Borrower by HSBC TFS under Section 3.4(b)(iii) of the Servicing Agreement, and (ii) 100% of the amount of all repurchases of Participation Interests by HSBC TFS under Section 6 of the Participation Agreement as to Participation Interests that have been purchased by the Borrower. In the HSBC TFS Letter, the Borrower will irrevocably authorize and instruct HSBC TFS, as Servicer under the Servicing Agreement, at any time when there is outstanding unpaid principal on the Loans, (A) to pay 100% of all amounts from time to time to be remitted to the Borrower by the Servicer under Section 3.4(b)(iii) of the Servicing Agreement in respect of Participation Interests purchased by the Borrower directly to the Lender for application to the prepayment of the Loans under this Section 2.6(c) and (B) to pay 100% of all amounts otherwise payable to the Borrower in respect of the repurchase under Section 6 of the Participation Agreement of Participation Interests in HSBC RALs that have been purchased by the Borrower directly to the Lender for application to the prepayment of the Loans under this Section 2.6(c). The Lender shall be entitled to rely without further inquiry on notices and information received from HSBC TFS as

contemplated in this Section 2.6(c). The Lender shall credit payments received from HSBC TFS under this Section 2.6(c) to prepayment of the principal of the Loans on the date of receipt.

SECTION 2.7. Interest

(a) The Loans shall bear interest for each day at a rate per annum equal to the sum of (i) the Average Weekly LIBO Rate for such day plus (ii) the Margin. The principal amount of any Loan that is made by the Lender pursuant to Section 2.3 and is prepaid by the Borrower pursuant to Section 2.6(a)(i) on the same Business Day shall not bear any interest for such Business Day.

(b) Notwithstanding the foregoing, if any principal of or interest on any Loan or any other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to 3% plus the rate of interest otherwise applicable to the Loans hereunder.

(c) Accrued interest on each Loan shall be payable monthly in arrears on the fifth Business Day of the following month and on the Revolving Termination Date; provided that interest accrued pursuant to paragraph (b) of this Section shall be payable on demand. On the second Business Day of such following month, the Lender shall deliver to the Borrower and HSBC TFS by e-mail an invoice for the amount of accrued interest on the Loans for the preceding month, together with a schedule in reasonable detail showing how such amount was calculated.

(d) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Prime Rate under Section 2.8 shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The LIBO Rate (and in the case of determinations under Section 2.8, the Federal Funds Effective Rate and the Prime Rate) shall be determined by the Lender, and such determination shall be conclusive absent manifest error. The Lender shall as soon as practicable notify the Borrower of the effective date and the amount of each change in interest rate.

SECTION 2.8. Alternate Rate of Interest. If at any time:

(a) the Lender determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the LIBO Rate; or

(b) the Lender determines that the LIBO Rate will not adequately and fairly reflect the cost to the Lender of making or maintaining Loans;

then the Lender shall give notice thereof to the Borrower by telephone or telecopy as promptly as practicable thereafter and, until the Lender notifies the Borrower that the circumstances giving rise to such notice no longer exist, the Loans shall bear interest at a rate per annum equal to, for

any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day plus the Prime Rate Margin, and (b) the Federal Funds Effective Rate in effect on such day plus the Federal Funds Margin. Any change in the Prime Rate or the Federal Funds Effective Rate shall be effective from and including the effective date of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

SECTION 2.9. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, the Lender; or

(ii) impose on the Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Loans made by the Lender;

and the result of any of the foregoing shall be to increase the cost to the Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to the Lender or to reduce the amount of any sum received or receivable by the Lender hereunder (whether of principal, interest or otherwise), then the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender for such additional costs incurred or reduction suffered.

(b) If the Lender determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement or the Loans made by the Lender to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Borrower will pay to the Lender such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

(c) A certificate of the Lender setting forth the amount or amounts necessary to compensate the Lender or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section (together with a statement of the reason for such compensation and a calculation thereof in reasonable detail) shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay the Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of the Lender to demand compensation pursuant to this Section shall not constitute a waiver of the Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate the Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that the Lender notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of the Lender's intention to claim compensation therefor; provided, further, that, if the Change in Law giving rise to such increased costs or reductions is

retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.10. Taxes. (a) Any and all payments by or on account of any obligation of the Borrower or the Guarantor hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided that if the Borrower or the Guarantor shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower or the Guarantor shall make such deductions and (iii) the Borrower or the Guarantor shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by the Lender and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by the Lender shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Lender the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Lender.

SECTION 2.11. Payments Generally. (a) The Borrower shall make each payment required to be made by it hereunder (whether of principal or interest, or under Section 2.9 or 2.10, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Lender, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Lender at its account at HSBC Bank USA, National Association, Buffalo, N.Y., ABA #021001088, HFC Cash Ops W/T, A/C #001842609, or at such other bank or account as it shall specify from time to time by notice in writing to the Borrower. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars. Notwithstanding the foregoing, this Section 2.11 shall not apply to payments by HSBC TFS as contemplated by Section 2.6(c).

(b) If at any time insufficient funds are received by and available to the Lender to pay fully all amounts of principal, interest and any other amounts then due hereunder, such funds shall be applied (i) first, to pay interest then due hereunder, (ii) second, to pay principal then due hereunder, and (iii) third, any other amounts due and owing hereunder.

SECTION 2.12. Mitigation Obligations. If the Lender requests compensation under Section 2.9, or if the Borrower is required to pay any additional amount to the Lender or any Governmental Authority for the account of the Lender pursuant to Section 2.10, then the Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of the Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.9 or 2.10, as the case may be, in the future and (ii) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to the Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by the Lender in connection with any such designation or assignment.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

Each of the Credit Parties represents and warrants to the Lender that:

SECTION 3.1. Organization; Powers. Each of the Credit Parties and the Subsidiaries is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has the power and authority to carry on its business as now conducted and, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required. The Borrower was converted from a Delaware corporation known as "Block Financial Corporation" on January 1, 2008 pursuant to Section 18-214 of the Delaware Limited Liability Company Act.

SECTION 3.2. Authorization; Enforceability. The Transactions are within each Credit Party's corporate or limited liability company, as the case may be, powers and have been duly authorized by all necessary corporate or limited liability company, as the case may be, and, if required, stockholder or member, as the case may be, action. This Agreement has been duly executed and delivered by each Credit Party and constitutes a legal, valid and binding obligation of each Credit Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.3. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by, any

Governmental Authority, except such as have been obtained or made and are in full force and effect, (b) will not violate any applicable law or regulation or the charter, by-laws, operating agreement or other organizational documents of any Credit Party or any Subsidiary or any order of any Governmental Authority, (c) will not violate or result in a default under any indenture, material agreement or other instrument (other than those to be terminated on or prior to the Closing Date) binding upon any Credit Party or any Subsidiary or their assets, or give rise to a right thereunder to require any payment to be made by any Credit Party or any Subsidiary, and (d) except as provided in the Loan Documents, will not result in the creation or imposition of any Lien on any asset of any Credit Party or any Subsidiary.

SECTION 3.4. Financial Condition; No Material Adverse Change. (a) Each Credit Party has heretofore furnished to the Lender consolidated balance sheets and statements of income and cash flows (and, in the case of the Guarantor, of stockholders' equity) (i) as of and for the fiscal year ended April 30, 2008 (A) reported on by Deloitte & Touche LLP, an independent registered public accounting firm, in respect of the financial statements of the Guarantor, and (B) certified by its chief financial officer, in respect of the financial statements of the Borrower, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended October 31, 2008. Such financial statements present fairly, in all material respects, the financial position and results of operations and cash flows of the Borrower and its consolidated Subsidiaries and of the Guarantor and its consolidated Subsidiaries as of such date and for such period in accordance with GAAP. Except as set forth on Schedule 3.4(a), neither the Guarantor nor any of its consolidated Subsidiaries had, at the date of the most recent balance sheet referred to above, any material Guarantee Obligation, contingent liability or liability for taxes, or any long-term lease or unusual forward or long-term commitment, including any interest rate or foreign currency swap or exchange transaction not in the ordinary course of business, which is not reflected in the foregoing statements or in the notes thereto. During the period from April 30, 2008 to and including the date hereof, and except as disclosed in filings made by the Guarantor with the U.S. Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, there has been no sale, transfer or other disposition by the Guarantor or any of its consolidated Subsidiaries of any material part of its business or property other than in the ordinary course of business and no purchase or other acquisition of any business or property (including any Capital Stock of any other Person), material in relation to the consolidated financial condition of the Guarantor and its consolidated Subsidiaries at April 30, 2008.

(b) From April 30, 2008 through the Effective Date, there has been no material adverse change in the business, assets, property or condition (financial or otherwise) of the Guarantor and its Subsidiaries, taken as a whole.

SECTION 3.5. Properties. (a) Each of the Credit Parties and the Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes.

(b) Each of the Credit Parties and the Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and the use thereof by the Credit Parties and the Subsidiaries does not infringe

upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.6. Litigation and Environmental Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of any Credit Party, threatened against or affecting any Credit Party or any Subsidiary that (i) have not been disclosed in the Disclosed Matters and as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, would reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect or (ii) challenge or would reasonably be expected to affect the legality, validity or enforceability of this Agreement.

(b) Except for the Disclosed Matters and except with respect to any other matters that, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect, neither of the Credit Parties nor any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

SECTION 3.7. Compliance with Laws and Agreements. Each of the Credit Parties and the Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to be so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.8. Investment Company Status. Neither of the Credit Parties nor any of the Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.9. Taxes. Each of the Credit Parties and the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) Taxes that are being contested in good faith by appropriate proceedings and for which the Guarantor, the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so would not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of such Plan, and the present value of all accumulated benefit obligations of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the date of the most recent financial statements reflecting such amounts, exceed by more than $25,000,000 the fair market value of the assets of all such underfunded Plans.

SECTION 3.11. Disclosure. None of the reports, financial statements, certificates or other information furnished by or on behalf of the Credit Parties to the Lender in connection with the negotiation of this Agreement or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that, with respect to projected financial information, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time.

SECTION 3.12. Federal Regulations. No part of the proceeds of any Loans will be used for "purchasing" or "carrying" any "margin stock" (within the respective meanings of each of the quoted terms under Regulation U of the Board as now and from time to time hereafter in effect) in a manner or in circumstances that would constitute or result in non-compliance by any Credit Party or the Lender with the provisions of Regulations U, T or X of the Board. If requested by the Lender, the Borrower will furnish to the Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in said Regulation U.

SECTION 3.13. Subsidiaries. As of the date hereof, the Guarantor has only the Subsidiaries set forth on Schedule 3.13.

SECTION 3.14. Insurance. Each Credit Party and each Subsidiary of each Credit Party maintains (pursuant to a self-insurance program and/or with financially sound and reputable insurers) insurance with respect to its properties and business and against at least such liabilities, casualties and contingencies and in at least such types and amounts as is customary in the case of companies engaged in the same or a similar business or having similar properties similarly situated.

ARTICLE IV

CONDITIONS

SECTION 4.1. Effective Date. Except as otherwise provided in Sections 4.2 and 4.3, this Agreement shall become effective on the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Lender (or its counsel) shall have received from each party hereto a counterpart of this Agreement signed on behalf of such party.

SECTION 4.2. Closing Date. The obligations of the Lender to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 10.2):

(a) The Effective Date shall have occurred.

(b) The Lender shall have received a reasonably satisfactory written opinion (addressed to the Lender and dated the Closing Date) of Stinson Morrison Hecker LLP, special counsel for the Credit Parties, substantially in the form of Exhibit D hereto, and covering such other matters relating to the Credit Parties, the Loan Documents or the Transactions as the Lender shall reasonably request. The Credit Parties hereby request such counsel to deliver such opinion.

(c) The Lender shall have received such documents and certificates as the Lender or its counsel may reasonably request relating to the organization, existence and good standing of the Credit Parties, the authorization of the Transactions and any other legal matters relating to the Credit Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Lender and its counsel.

(d) The Lender shall have received a certificate, dated the Closing Date and signed by the President, a Vice President or a Financial Officer of each Credit Party, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.3.

(e) All governmental and material third party approvals necessary in connection with the execution, delivery and performance of this Agreement, the Security Agreement, the Control Agreement and the HSBC TFS Letter shall have been obtained and be in full force and effect.

(f) The Lender shall have received a counterpart of the Security Agreement, duly executed and delivered by the Borrower, and a counterpart of the HSBC TFS Letter, duly executed and delivered by the parties thereto; and all filings and other actions necessary or appropriate to perfect the security interest created by the Security Agreement shall have been made or taken.

(g) The Lender shall have received the results of searches of Uniform Commercial Code filings in such jurisdictions as it shall deem appropriate and such searches shall not reveal any filing that remains in effect and that describes any of the "Collateral" referred to in the Security Agreement.

(h) The Borrower shall have invested $60,000,000 in the HSBC Investor Prime Money Market Fund managed by HSBC Global Asset Management (USA), Inc. and the Lender shall have received a counterpart of the Control Agreement with respect to that investment, duly executed and delivered by the parties thereto.

(i) The Lender shall have received a counterpart of the Pricing Letter, duly executed and delivered by the Borrower and the Guarantor, and the Borrower shall have paid such consideration as is set forth in the Pricing Letter.

The Lender shall notify the Borrower of the Closing Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligation of the Lender to make Loans hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 10.2) at or prior to the Closing Date.

SECTION 4.3. Each Loan. The obligation of the Lender to make each Loan is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Credit Parties set forth in Article III of this Agreement (other than the representations and warranties set forth in subsections 3.4(b), 3.6(a)(i) and 3.6(b)) shall be true and correct in all material respects on and as of the date of such Loan (except to the extent related to a specific earlier date).

(b) At the time of and immediately after giving effect to such Loan, no Event of Default shall have occurred and be continuing.

Each Loan shall be deemed to constitute a representation and warranty by each of the Credit Parties on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

AFFIRMATIVE COVENANTS

Until the Commitment has expired or been terminated and the principal of and interest on each Loan shall have been paid in full, each of the Credit Parties covenants and agrees with the Lender that:

SECTION 5.1. Financial Statements and Other Information. The Borrower will furnish to the Lender:

(a) within 90 days after the end of each fiscal year of the Guarantor, an audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows of the Guarantor and its consolidated Subsidiaries as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by Deloitte & Touche LLP or another independent registered public accounting firm of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the financial condition and results of operations of the Guarantor and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) (i) in the case of the Guarantor, within 45 days after the end of each of the first three fiscal quarters of each fiscal year of the Guarantor and (ii) in the case of the Borrower, within 90 days after the end of each fiscal year of the Borrower, consolidated balance sheets and related statements of operations and cash flows of the Borrower and the Guarantor and their consolidated Subsidiaries, and the consolidated statement of stockholders' equity of the Guarantor, as of the end of and for such fiscal quarter (in the case of the Guarantor) and the then elapsed portion of the fiscal year, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by a Financial Officer of the Borrower and the Guarantor as presenting fairly in all material respects the financial condition and results of operations of the Borrower and the Guarantor and their consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under clause (a) or (b) above, a certificate of a Financial Officer of the Borrower and the Guarantor (i) certifying as to whether a Default has occurred and, if a Default has occurred, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.1 and (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of the audited financial statements referred to in Section 3.4 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate;

(d) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials (other than (i) statements of ownership such as Forms 3, 4 and 5 and Schedule 13G, (ii) routine filings relating to employee benefits, such as Forms S-8 and 11-K, and (iii) routine filings by (A) RSM McGladrey, Inc. and its Subsidiaries, including Birchtree Financial Services, Inc., (B) RSM Equico, Inc. and its Subsidiaries, including McGladrey Capital Markets, LLC, (C) Sand Canyon Corporation, (D) H&R Block Canada, Inc. and (E) H&R Block Limited) filed by any Credit Party or any Subsidiary with the Securities and Exchange Commission, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed by any Credit Party to its shareholders generally, as the case may be;

(e) a copy of any notice given by the Borrower under Section 4.1(b), Section 4.4(c) or Section 4.8 of the Participation Agreement, such copy to be provided at the same time as such notice is given under the Participation Agreement; and

(f) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of any Credit Party or any Subsidiary, or compliance with the terms of this Agreement, as the Lender may reasonably request.

SECTION 5.2. Notices of Material Events. The Borrower will furnish to the Lender prompt written notice of the following:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting any Credit Party or any Affiliate thereof that is reasonably likely to be adversely determined and, if so determined, would reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, would reasonably be expected to result in liability of the Borrower, the Guarantor or any Subsidiary in an aggregate amount exceeding $25,000,000; and

(d) any other development that results in, or would reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer or other executive officer of the Borrower and the Guarantor setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.3. Existence; Conduct of Business. Each Credit Party will, and will cause each of the Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, licenses, permits, privileges and franchises material to the conduct of its business; provided that the foregoing shall not prohibit any merger, consolidation, liquidation, disposition or dissolution permitted under Section 6.4.

SECTION 5.4. Payment of Taxes. Each Credit Party will, and will cause each of the Subsidiaries to, pay its Tax liabilities that, if not paid, would reasonably be expected to have a Material Adverse Effect before the same shall become delinquent, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) such Credit Party or such Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP and (c) the failure to make payment pending such contest would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.5. Maintenance of Properties; Insurance. Each Credit Party will, and will cause each of the Subsidiaries to, (a) keep and maintain all property material to the conduct of its business in good working order and condition, ordinary wear and tear excepted, and (b) maintain (pursuant to a self-insurance program and/or with financially sound and reputable insurers) insurance in such amounts and against such risks as is customarily maintained by companies engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.6. Books and Records; Inspection Rights. Each Credit Party will, and will cause each of the Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to this Agreement and the transactions contemplated hereby. Each Credit Party will, and will cause each of the Subsidiaries to, permit any representatives designated by the Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records, and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and as often as reasonably requested; provided that so long as no Event of Default exists, each Credit Party and each Subsidiary shall have the right to be present and participate in any discussions with its independent accountants. Nothing in this Section 5.6 shall permit the Lender to examine or otherwise have access to the tax returns or other confidential information of any customer of either Credit Party or any of their respective Subsidiaries.

SECTION 5.7. Compliance with Laws. Each Credit Party will, and will cause each of the Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property, except where the failure to do so, individually or in the aggregate, would not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.8. Use of Proceeds. The proceeds of the Loans will be used only to purchase Participation Interests in HSBC RALs pursuant to the Participation Agreement. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the regulations of the Board, including Regulations U and X.

SECTION 5.9 Additional Collateral. The Borrower shall provide additional collateral to the Lender from time to time as provided in the Security Agreement.

ARTICLE VI

NEGATIVE COVENANTS

Until the Commitment has expired or terminated and the principal of and interest on each Loan have been paid in full, each of the Credit Parties covenants and agrees with the Lender that:

SECTION 6.1. Adjusted Net Worth. The Guarantor will not permit Adjusted Net Worth as at the last day of any fiscal quarter of the Guarantor to be less than $1,000,000,000.

SECTION 6.2. Indebtedness. The Credit Parties will not, and will not permit any Subsidiary to create, incur, assume or permit to exist any Indebtedness, except:

(a) subject to the proviso at the end of this Section 6.2, Indebtedness created under the Bank Revolvers;

(b) Indebtedness existing on the date hereof and set forth in Schedule 6.2 and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof;

(c) seasonal Indebtedness of H&R Block Canada, Inc., provided that the aggregate principal amount of all such Indebtedness incurred pursuant to this subsection (c) shall not exceed 250,000,000 Canadian dollars at any time outstanding;

(d) Indebtedness of the Borrower and the Guarantor, provided that (i) the obligations of the Credit Parties hereunder shall rank at least pari passu with such Indebtedness (including with respect to security) and (ii) the aggregate principal amount of all Indebtedness permitted by this subsection (d) shall not exceed $2,000,000,000 at any time outstanding;

(e) subject to the proviso at the end of this Section 6.2, (i) Indebtedness in connection with commercial paper issued in the United States through the Borrower which is guaranteed by the Guarantor and (ii) Indebtedness under bank lines of credit or similar facilities;

(f) Indebtedness in connection with Guarantees of the performance of any Subsidiary's obligations under or pursuant to (i) indemnity, fee, daylight overdraft and other similar customary banking arrangements between such Subsidiary and one or more financial institutions in the ordinary course of business, (ii) any office lease entered into in the ordinary course of business, and (iii) any promotional, joint-promotional, cross-promotional, joint marketing, service, equipment or supply procurement, software license or other similar agreement entered into by such Subsidiary with one or more vendors, suppliers, retail businesses or other third parties in the ordinary course of business, including indemnification obligations relating to such Subsidiary's failure to perform its obligations under such lease or agreement;

(g) acquisition-related Indebtedness (either incurred or assumed) and Indebtedness in connection with the Guarantor's guarantees of the payment or performance of primary obligations of Subsidiaries of the Guarantor in connection with acquisitions by such Subsidiaries, or Indebtedness secured by Liens permitted under subsection 6.3(f); provided that, during any fiscal year, the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this subsection 6.2(g) shall not exceed at any time $325,000,000;

(h) Indebtedness of any Credit Party to any other Credit Party, of any Credit Party to any Subsidiary, of any Subsidiary to any Credit Party and of any Subsidiary to any other Subsidiary; provided that such Indebtedness shall not be prohibited by Section 6.5;

(i) Indebtedness in connection with repurchase agreements pursuant to which mortgage loans of a Credit Party or a Subsidiary are sold with the simultaneous agreement to repurchase the mortgage loans at the same price plus interest at an agreed upon rate; provided that the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this subsection 6.2(i) shall not at any time exceed $500,000,000; provided, further, that no agreed upon repurchase date shall be later than 90 business days after the date of the corresponding repurchase agreement;

(j) Indebtedness in connection with Guarantees or Guarantee Obligations which are made, given or undertaken as representations and warranties, indemnities or assurances of the payment or performance of primary obligations in connection with securitization transactions or other transactions permitted hereunder, as to which primary obligations the primary obligor is a Credit Party, a Subsidiary or a securitization trust or similar securitization vehicle to which a Credit Party or a Subsidiary sold, directly or indirectly, the relevant mortgage loans;

(k) Indebtedness of RSM, a Subsidiary of the Guarantor, to McGladrey & Pullen, LLP ("M&P") and certain related trusts under (i) that certain Asset Purchase Agreement dated as of June 28, 1999 among RSM, M&P, the Guarantor and certain other parties signatory thereto (the "M&P Purchase Agreement") and (ii) the Retired Partners Agreement and the Loan Agreement (as such terms are defined in the M&P Purchase Agreement); provided that the aggregate outstanding principal amount payable in respect of such Indebtedness permitted under this paragraph (k) shall not exceed $200,000,000 at any time;

(l) Indebtedness in connection with (i) Capital Lease Obligations in an aggregate outstanding principal amount not at any time exceeding $50,000,000 (excluding any Capital Lease Obligations permitted by subsection 6.2(p)), (ii) obligations under existing mortgages in an aggregate outstanding principal amount not exceeding $12,000,000 at any time, (iii) securities sold and not yet purchased, provided that the aggregate outstanding principal amount of all Indebtedness incurred pursuant to this clause (iii) (other than Indebtedness of Subsidiaries which act as broker-dealers) shall not at any time exceed $15,000,000, (iv) customer deposits in the ordinary course of business, (v) payables to brokers and dealers in the ordinary course of business and (vi) reimbursement obligations of broker-dealers relating to letters of credit in favor of a clearing corporation or Indebtedness of broker-dealers under other credit facilities, provided that (A) such letters of credit or such other credit facilities are used solely to satisfy margin deposit requirements and (B) the aggregate outstanding exposure of the Guarantor and the Subsidiaries under all such letters of credit and all such other credit facilities shall not exceed $200,000,000 at any time;

(m) subject to the proviso at the end of this Section 6.2, Indebtedness incurred in connection with the Borrower's Refund Anticipation Loan Program, including any Indirect RAL Participation Transaction; provided that (i) such Indebtedness is incurred during the period beginning on January 2 of any year and ending on June 29 of such year, (ii) such Indebtedness is repaid in full by June 30 of the year in which such Indebtedness is incurred and (iii) the covenants contained in any agreement relating to such Indebtedness, or guarantee thereof (other than covenants specific to the Borrower's Refund Anticipation Loan Program and the operation thereof), are no more restrictive than the covenants contained in this Agreement;

(n) subject to the proviso at the end of this Section 6.2, liabilities related to the RAL Receivables Transactions to the extent consistent with the definition thereof;

(o) Indebtedness in respect of letters of credit in an aggregate outstanding principal amount not to exceed $100,000,000;

(p) Indebtedness in an amount not exceeding $150,000,000 in connection with the acquisition, development or construction of the Guarantor's new headquarters;

(q) deposits and other liabilities incurred by banking Subsidiaries in the ordinary course of business;

(r) customary liabilities of broker-dealers incurred by broker-dealer Subsidiaries in the ordinary course of business;

(s) Indebtedness issued by a Subsidiary of the Borrower and primarily secured by mortgage loans sold as contemplated by Section 6.5(c) hereof to such Subsidiary by another Subsidiary of the Borrower;

(t) Indebtedness secured by Liens permitted by subsection 6.3(d) or 6.3(e);

(u) Indebtedness incurred solely to finance businesses described on Schedule 6.4(b) after the date hereof that neither the Credit Parties nor their respective Subsidiaries are currently engaged in to any material extent on the date hereof; provided that the aggregate principal amount of all Indebtedness incurred pursuant to this clause (u) shall not at any time exceed $400,000,000; and

(v) other Indebtedness (excluding Indebtedness of the types described in subsections 6.2(a), 6.2(b), 6.2(e) and 6.2(m)) in an aggregate principal amount not at any time exceeding $20,000,000;

provided, that the sum of the aggregate outstanding principal amount of all Indebtedness permitted pursuant to subsections 6.2(a), 6.2(e) and 6.2(m) plus the RAL Receivables Amount shall not at any time exceed the greater of (x) the Total Facility Commitments then in effect or (y) the sum of the then outstanding principal amount of the "Loans" under the Bank Revolvers (such sum, the "Total Facility Loan Outstandings"), except that, during the period from January 2 of any year through June 30 of such year, such sum may exceed the greater of the Total Facility Commitments then in effect or the then Total Facility Loan Outstandings by an amount up to the total of (A) the aggregate outstanding principal amount of Indebtedness described in Section 6.2(m) and (B) $500,000,000.

SECTION 6.3. Liens. Each Credit Party will not, and will not permit any Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(a) Permitted Encumbrances;

(b) (i) any Lien created under or securing a Bank Revolver and (ii) any Lien on any property or asset of any Credit Party or any Subsidiary existing on the date hereof and set forth in Schedule 6.3; provided that (i) such Lien shall not apply to any other property or asset of any Credit Party or any Subsidiary and (ii) such Lien shall secure only those

obligations which it secures on the date hereof and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(c) any Lien existing on any property or asset prior to the acquisition thereof by any Credit Party or any Subsidiary or existing on any property or asset of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, as the case may be, (ii) such Lien shall not apply to any other property or assets of any Credit Party or any Subsidiary and (iii) such Lien shall secure only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be, and extensions, renewals and replacements thereof that do not increase the outstanding principal amount thereof;

(d) Liens and transfers in connection with the securitization, financing or other transfer of any mortgage loans or mortgage servicing reimbursement rights (and/or, in each case, related rights, interests and servicing assets) owned by the Borrower or any of its Subsidiaries;

(e) Liens and transfers in connection with the securitization or other transfer of any credit card receivables (and/or related rights and interests) owned by the Borrower or any of its Subsidiaries;

(f) Liens on fixed or capital assets acquired, constructed or improved by any Credit Party or any Subsidiary to secure Indebtedness of such Credit Party or such Subsidiary incurred to finance the acquisition, construction or improvement of such fixed or capital assets; provided that (i) such Liens and the Indebtedness secured thereby are incurred prior to or within 90 days after such acquisition or the completion of such construction or improvement, (ii) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed or capital assets and (iii) such Liens shall not apply to any other property or assets of any Credit Party or any Subsidiary;

(g) Liens arising in connection with repurchase agreements contemplated by Section 6.2(i); provided that such security interests shall not apply to any property or assets of any Credit Party or any Subsidiary except for the mortgage loans or securities, as applicable, subject to such repurchase agreements;

(h) Liens arising in connection with Indebtedness permitted by Sections 6.2(l)(v) or 6.2(q), which Liens are granted in the ordinary course of business;

(i) Liens not otherwise permitted by this Section 6.3 so long as the Obligations hereunder are contemporaneously secured equally and ratably with the obligations secured thereby;

(j) Liens not otherwise permitted by this Section 6.3, so long as the aggregate outstanding principal amount of the obligations secured thereby does not exceed (as to the Credit Parties and all Subsidiaries) $250,000,000 at any one time;

(k) Liens and transfers in connection with the RAL Receivables Transaction;

(l) Liens securing Indebtedness permitted by subsection 6.2(u); and

(m) Liens on Unrestricted Margin Stock.

SECTION 6.4. Fundamental Changes; Sale of Assets. (a) Each Credit Party will not, and will not permit any Material Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all of its assets (other than Unrestricted Margin Stock), or all or substantially all of the stock or assets related to its tax preparation business or liquidate or dissolve, except (i) transfers in connection with the RAL Receivables Transaction and other securitizations otherwise permitted hereby, (ii) sales and other transfers of mortgage loans (and/or related rights and interests and servicing assets) and (iii) if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing, (A) any Material Subsidiary other than the Borrower may merge into a Credit Party in a transaction in which the Credit Party is the surviving Person, (B) any wholly owned Material Subsidiary other than the Borrower may merge into any other wholly owned Material Subsidiary in a transaction in which the surviving entity is a wholly owned Subsidiary, (C) any Material Subsidiary other than the Borrower may sell, transfer, lease or otherwise dispose of its assets to the Guarantor or to another Material Subsidiary and (D) any Material Subsidiary other than the Borrower may liquidate or dissolve if the Guarantor determines in good faith that such liquidation or dissolution is in the best interests of the Guarantor and is not materially disadvantageous to the Lender; provided that any such merger involving a Person that is not a wholly owned Subsidiary immediately prior to such merger shall not be permitted unless also permitted by Section 6.5.

(b) Except as set forth on Schedule 6.4(b), the Credit Parties will not, and will not permit any Material Subsidiary to, engage to any material extent in any business other than businesses of the type conducted by the Credit Parties and the Subsidiaries on August 10, 2005 and businesses reasonably related thereto.

SECTION 6.5. Transactions with Affiliates. Each Credit Party will not, and will not permit any Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) in the ordinary course of business at prices and on terms and conditions not less favorable to such Credit Party or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among the Guarantor and/or its Subsidiaries not involving any other Affiliate, and (c) transactions involving the transfer of mortgage loans and other assets for cash and other consideration of not less than the sum of (i) the lesser of (x) the fair market value of such mortgage loans and (y) the outstanding principal amount of such mortgage loans, and (ii) the fair market value of such other assets, to a Subsidiary of the Borrower that issues Indebtedness permitted by Section 6.2(s); provided, that this Section 6.5 shall not apply to any transactions with Sand Canyon Corporation.

SECTION 6.6. Restrictive Agreements. The Credit Parties will not, and will not permit any Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that by its terms prohibits, restricts or imposes any condition upon (a) the ability of any Credit Party or any Subsidiary to create, incur or permit to exist any Lien upon any of its material property or assets (unless such agreement or arrangement does not prohibit, restrict or impose any condition upon the ability of either Credit Party or any Subsidiary to create, incur or permit to exist any Lien in favor of the Lender created under the Loan Documents), or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or to make or repay loans or advances to the Guarantor or any other Subsidiary or to Guarantee Indebtedness of the Guarantor or any other Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by this Agreement, (ii) the foregoing shall not apply to restrictions and conditions existing on the date hereof identified on Schedule 6.6 (but shall apply to any extension, renewal, amendment or modification expanding the scope of any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iv) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the securitization, financing or other transfer of mortgage loans (and/or related rights and interests and servicing assets) owned by the Borrower or any of its Subsidiaries, (v) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured obligations permitted by this Agreement (including obligations secured by Liens permitted by Section 6.3(j)) if such restrictions or conditions apply only to the property or assets securing such obligations, (vi) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof and (vii) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to Indebtedness permitted hereunder pursuant to subsection 6.2(m) or the RAL Receivables Transaction.

ARTICLE VII

GUARANTEE

SECTION 7.1. Guarantee. (a) The Guarantor hereby unconditionally and irrevocably guarantees to the Lender and its successors, indorsees, transferees and assigns, the prompt and complete payment and performance by the Borrower when due (whether at the stated maturity, by acceleration or otherwise) of the Obligations.

(b) The Guarantor further agrees to pay any and all expenses (including all fees and disbursements of counsel) which may be paid or incurred by the Lender in enforcing, or obtaining advice of counsel in respect of, any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, the Guarantor under this Article. This Article shall remain in full force and effect until the Obligations and the obligations of the Guarantor under the guarantee contained in this Article shall have been satisfied by payment in full and the Commitment shall be terminated,

notwithstanding that from time to time prior thereto the Borrower may be free from any Obligations.

(c) No payment or payments made by any Credit Party, any other guarantor or any other Person or received or collected by the Lender from any collateral security or Credit Party or any other Person by virtue of any action or proceeding or any set-off or appropriation or application, at any time or from time to time, in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Guarantor hereunder which shall, notwithstanding any such payment or payments, remain liable hereunder for the Obligations until the Obligations are paid in full and the Commitment is terminated.

(d) The Guarantor agrees that whenever, at any time or from time to time, it shall make any payment to the Lender on account of its liability hereunder, it will notify the Lender in writing that such payment is made under this Article for such purpose.

SECTION 7.2. Delay of Subrogation. Notwithstanding any payment or payments made by the Guarantor hereunder, or any set-off or application of funds of the Guarantor by the Lender, the Guarantor shall not be entitled to be subrogated to any of the rights of the Lender against the Borrower or against any collateral security or guarantee or right of offset held by the Lender for the payment of the Obligations, nor shall the Guarantor seek or be entitled to seek any contribution or reimbursement from the Borrower in respect of payments made by the Guarantor hereunder, until all amounts owing to the Lender by the Borrower on account of the Obligations are paid in full and the Commitment is terminated. If any amount shall be paid to the Guarantor on account of such subrogation rights at any time when all of the Obligations shall not have been paid in full, such amount shall be held by the Guarantor in trust for the Lender, segregated from other funds of the Guarantor, and shall, forthwith upon receipt by the Guarantor, be turned over to the Lender in the exact form received by the Guarantor (duly indorsed by the Guarantor to the Lender, if required) to be applied against the Obligations, whether matured or unmatured, in such order as the Lender may determine. The provisions of this Section shall be effective notwithstanding the termination of this Agreement and the payment in full of the Obligations and the termination of the Commitment.

SECTION 7.3. Amendments, etc. with respect to the Obligations; Waiver of Rights. The Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against the Guarantor, and without notice to or further assent by the Guarantor, any demand for payment of any of the Obligations made by the Lender may be rescinded by the Lender, and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by the Lender, and this Agreement and any other documents executed and delivered in connection herewith may be amended, modified, supplemented or terminated, in whole or in part, in accordance with the provisions hereof as the Lender may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by the Lender for the payment of the Obligations may be sold, exchanged, waived, surrendered or released. The Lender shall not have any obligation to protect, secure, perfect or insure any Lien at any time held by it as security for the Obligations or for this Agreement or any property subject thereto. When making any demand hereunder against the Guarantor, the Lender may, but shall be under no obligation to, make a similar demand on the Borrower or any other guarantor, and any failure by the Lender to make any such demand or to collect any payments from the Borrower or any such other guarantor or any release of the Borrower or such other guarantor shall not relieve the Guarantor of its obligations or liabilities hereunder, and shall not impair or affect the rights and remedies, express or implied, or as a matter of law, of the Lender against the Guarantor. For the purposes hereof "demand" shall include the commencement and continuance of any legal proceedings.

SECTION 7.4. Guarantee Absolute and Unconditional. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the Obligations and notice of or proof of reliance by the Lender upon this Agreement or acceptance of this Agreement; the Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred, or renewed, extended, amended or waived, in reliance upon this Agreement; and all dealings between the Borrower and the Guarantor, on the one hand, and the Lender, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Agreement. The Guarantor waives diligence, presentment, protest, demand for payment and notice of default or nonpayment to or upon the Borrower and the Guarantor with respect to the Obligations. This Article shall be construed as a continuing, absolute and unconditional guarantee of payment without regard to (a) the validity, regularity or enforceability of this Agreement, any other documents executed and delivered in connection herewith, any of the Obligations or any other collateral security therefor or guarantee or right of offset with respect thereto at any time or from time to time held by the Lender, (b) any defense, set-off or counterclaim (other than a defense of payment or performance) which may at any time be available to or be asserted by the Guarantor against the Lender, or (c) any other circumstance whatsoever (with or without notice to or knowledge of the Borrower or the Guarantor) which constitutes, or might be construed to constitute, an equitable or legal discharge of the Borrower for the Obligations, or of the Guarantor under this Article, in bankruptcy or in any other instance. When pursuing its rights and remedies hereunder against the Guarantor, the Lender may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Borrower or any other Person or against any collateral security or guarantee for the Obligations

or any right of offset with respect thereto, and any failure by the Lender to pursue such other rights or remedies or to collect any payments from the Borrower or any such other Person or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Borrower or any such other Person or of any such collateral security, guarantee or right of offset, shall not relieve the Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of the Lender against the Guarantor. This Article shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor and its successors and assigns, and shall inure to the benefit of the Lender and its successors, indorsees, transferees and assigns, until all the Obligations and the obligations of the Guarantor under this Agreement shall have been satisfied by payment in full and the Commitment shall be terminated, notwithstanding that from time to time during the term of this Agreement the Borrower may be free from any Obligations.

SECTION 7.5. Reinstatement. This Article shall continue to be effective, or be reinstated, as the case may be, if at any time payment, or any part thereof, of any of the Obligations is rescinded or must otherwise be restored or returned by the Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Credit Party or upon or as a result of the appointment of a receiver, intervenor or conservator of, or trustee or similar officer for, any Credit Party or any substantial part of its property, or otherwise, all as though such payments had not been made.

SECTION 7.6. Payments. The Guarantor hereby agrees that all payments required to be made by it hereunder will be made to the Lender without set-off or counterclaim in accordance with the terms of the Obligations, including in the currency in which payment is due.

ARTICLE VIII

EVENTS OF DEFAULT

If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any other amount (other than an amount referred to in clause (a) of this Article) payable under this Agreement, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five business days;

(c) any representation or warranty made or deemed made by any Credit Party (or any of its officers) in or in connection with this Agreement or any amendment or modification hereof, or in any report, certificate, financial statement or other document

furnished pursuant to or in connection with this Agreement or any amendment or modification hereof, shall prove to have been incorrect in any material respect when made or deemed made;

(d) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in Section 5.2, 5.3 (with respect to the Credit Parties' existence), 5.8 or 5.9 or in Article VI;

(e) any Credit Party shall fail to observe or perform any covenant, condition or agreement contained in this Agreement (other than those specified in clause (a), (b) or (d) of this Article), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Lender to the Borrower;

(f) any Credit Party or any Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable (after expiration of any applicable grace or cure period);

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity; provided that this clause (g) shall not apply to (i) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness or (ii) any obligation under a Hedging Agreement that becomes due as a result of a default by a party thereto other than a Credit Party or a Subsidiary;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of any Credit Party or any Material Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for any Credit Party or any Material Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) any Credit Party or any Material Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Article, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for the Borrower or any Material Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) any Credit Party or any Material Subsidiary shall become unable, admit in writing or fail generally to pay its debts as they become due;

(k) one or more final judgments for the payment of money shall be rendered against the Guarantor, the Borrower, any Subsidiary or any combination thereof and either (i) a creditor shall have commenced enforcement proceedings upon any such judgment in an aggregate amount (to the extent not covered by insurance as to which the relevant insurance company has not denied coverage) in excess of $40,000,000 (a "Material Judgment") or (ii) there shall be a period of 30 consecutive days during which a stay of enforcement of any Material Judgment shall not be in effect (by reason of pending appeal or otherwise) (it being understood that, notwithstanding the definition of "Default", no "Default" shall be triggered solely by the rendering of such a judgment or judgments prior to the commencement of enforcement proceedings or the lapse of such 30 consecutive day period, so long as such judgments are capable of satisfaction by payment at any time);

(l) an ERISA Event shall have occurred that, in the opinion of the Lender, when taken together with all other ERISA Events that have occurred, would reasonably be expected to result in a Material Adverse Effect;

(m) a Change in Control shall occur;

(n) the Guarantee contained in Article VII herein shall cease, for any reason, to be in full force and effect in any material respect or any Credit Party shall so assert;

(o) the Security Agreement, the Control Agreement or the HSBC TFS Letter shall for any reason cease to be valid and binding on or enforceable against any Credit Party that is party thereto; or any Credit Party shall so state in writing or bring an action to limit its obligations or liabilities thereunder;

(p) the Security Agreement shall for any reason (other than pursuant to the terms thereof) cease to create a valid, perfected and first priority security interest in the Collateral purported to be covered thereby;

(q) any representation or warranty made or deemed made by any Credit Party in the Security Agreement, the Control Agreement or the HSBC TFS Letter shall prove to have been incorrect in any material respect when made or deemed made; or

(r) any Credit Party shall fail to observe or perform any covenant or agreement (other than as specified in clauses (o), (p) and (q) of this Article) contained in the Security Agreement, the Control Agreement or the HSBC TFS Letter;

then, and in every such event (other than an event with respect to the Credit Parties described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Lender may, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate the Commitment, and thereupon the Commitment shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other

Obligations of the Credit Parties accrued hereunder, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties; and in case of any event with respect to the Credit Parties described in clause (h) or (i) of this Article, the Commitment shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations of the Credit Parties accrued hereunder, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Credit Parties.

ARTICLE IX

[RESERVED]

ARTICLE X

MISCELLANEOUS

SECTION 10.1. Notices. Except in the case of notices and other communications expressly permitted to be given by telephone and except as otherwise provided in Sections 2.3, 2.6 and 2.8, all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(a) if to the Borrower or the Guarantor, to it at One H&R Block Way, Kansas City, Missouri 64105, Attention of Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043); and

(b) if to the Lender, to it at HSBC Finance Corporation, 26525 N. Riverwoods Road, Mettawa, Illinois 60070, attention: Treasurer, (Telecopy No.(224) 552-4408), with a copy to HSBC Finance Corporation, 26525 N. Riverwoods Road, Mettawa, Illinois 60045, attention: Executive Vice President, Deputy General Counsel and Corporate Secretary (Telecopy No.(224) 552 -2941), HSBC Securities, Inc., 425 Fifth Avenue, Lower Level, New York, N.Y. 10018 (Telecopy No. (212) 525-2570), attention Jimmy Tse, HSBC Taxpayer Financial Services Inc., 200 Somerset Corporate Boulevard, Bridgewater, N.J. 08807 (Telecopy No. (908) 203-4211, attention: EVP and President, and HSBC Taxpayer Financial Services Inc., 90 Christiana Road, New Castle, DE 19707 (Telecopy No. (302) 327-2507, attention: General Counsel); provided, that notices under Section 2.3 need only be given to Mr. Kyle Hartung at telephone number (224) 544-4023, confirmed by telecopy at (224) 552-4023.

Any party hereto may change its address, telephone number or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. For so long as any Affiliate of the Lender is a "Lender" under either of the Bank Revolvers, the Lender will accept delivery of any financial statement or other information to be delivered under Section 5.1(a), (b) and(d) hereunder that is posted to Intralinks. The Lender, the Borrower or the Guarantor may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

SECTION 10.2. Waivers; Amendments. (a) No failure or delay by the Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Lender hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Credit Parties therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default, regardless of whether the Lender may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Credit Parties and the Lender.

SECTION 10.3. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay all reasonable and documented out-of-pocket expenses incurred by the Lender, including the reasonable and documented fees, charges and disbursements of any counsel for the Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made hereunder, including in connection with any workout, restructuring or negotiations in respect thereof.

(b) The Credit Parties shall jointly and severally indemnify the Lender and each Related Party of the Lender (each such Person being called an "Indemnitee"), against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of the material breach by any Credit Party of any representation, warranty, covenant or agreement in this Agreement, the Security Agreement, the Control Agreement or the HSBC TFS Letter; provided that such indemnity shall not be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of any Indemnitee or any of its Related Parties.

(c) No party to this Agreement shall be liable for lost profits, incidental, consequential, exemplary, special or punitive damages arising under or in connection with this Agreement, the Pricing Letter, the Security Agreement, the Control Agreement or the HSBC TFS Letter, or the transaction contemplated hereby or thereby.

SECTION 10.4. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that no Credit Party may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Lender (and any attempted assignment or transfer by any Credit Party without such consent shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby and, to the extent expressly contemplated hereby, the Related Parties of the Lender) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) The Lender may assign to one or more assignees all or a portion of its rights under this Agreement (including all or a portion of the Loans at the time owing to it); provided that the Borrower must give its prior written consent to such assignment (which consent shall not be unreasonably withheld); provided, further, that any consent of the Borrower otherwise required under this paragraph shall not be required if an Event of Default has occurred and is continuing. Any assignment or transfer by the Lender of rights under this Agreement that does not comply with this paragraph shall be treated for purposes of this Agreement as a sale by the Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(c) The Lender may, without the consent of any Credit Party, sell participations to one or more banks or other entities (a "Participant") in all or a portion of the Lender's rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); provided that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the other parties hereto for the performance of the obligations and (iii) the Credit Parties shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which the Lender sells such a participation shall provide that the Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver of or under this Agreement that shall (i) increase the Commitment, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, (iii) postpone the scheduled date of payment of the principal amount of any Loan, or any interest thereon, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration or reduction of the Commitment, (iv) release any security provided for in the Security Agreement, (v) release the guarantee contained in Article VII or (vi) change any of the provisions of this Section. Subject to paragraph (d) of this Section, the Borrower agrees that each Participant shall be entitled to

the benefits of Sections 2.9 and 2.10 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section.

(d) A Participant shall not be entitled to receive any greater payment under Section 2.9 or 2.10 than the Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent.

(e) The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of the Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release the Lender from any of its obligations hereunder or substitute any such assignee for the Lender as a party hereto.

SECTION 10.5. Survival. All covenants, agreements, representations and warranties made by the Credit Parties herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitment has not expired or terminated. The provisions of Sections 2.9, 2.10, 10.3, 10.9, 10.10 and 10.l5 shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitment or the termination of this Agreement or any provision hereof.

SECTION 10.6. Counterparts; Integration; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and the documents provided for herein constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.1, this Agreement shall become effective when it shall have been executed by the Lender and when the Lender shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 10.7. Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality

and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 10.8. Right of Setoff. If an Event of Default shall have occurred and be continuing, the Lender is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all indebtedness at any time owing by the Lender to or for the credit or the account of either Credit Party against any of and all the obligations of such Credit Party now or hereafter existing under this Agreement held by the Lender, irrespective of whether or not the Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of the Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 10.9. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each Credit Party hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in connection with any Proceeding, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any Proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such Proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Lender may otherwise have to bring any Proceeding relating to this Agreement against any Credit Party or its properties in the courts of any jurisdiction.

(c) Each Credit Party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any Proceeding arising out of or relating to this Agreement in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such Proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 10.1 in connection with a Proceeding. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law in connection with a Proceeding.

SECTION 10.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON

CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 10.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 10.12. Confidentiality. The Lender agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section by it or (ii) becomes available to the Lender on a nonconfidential basis from a source other than any Credit Party; provided, that the Lender may file this Agreement with the Securities and Exchange Commission. For the purposes of this Section, "Information" means all information received from any Credit Party relating to any Credit Party or its business, other than any such information that is available to the Lender on a nonconfidential basis prior to disclosure by such Credit Party; provided that, in the case of information received from any Credit Party after the date hereof, such information is clearly identified at the time of delivery as confidential. The Lender shall be considered to have complied with its obligation under this Section if it has exercised the same degree of care to maintain the confidentiality of such Information as it would accord to its own confidential information.

SECTION 10.13. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the

interest and Charges payable to the Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by the Lender.

SECTION 10.14. USA Patriot Act.

The Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow the Lender to identify the Borrower in accordance with the Act.

[THIS SPACE LEFT BLANK INTENTIONALLY]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

BLOCK FINANCIAL LLC, as Borrower

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

H&R BLOCK, INC., as Guarantor

By: /s/ Becky S. Shulman
Name: Becky S. Shulman
Title: Senior Vice President and Treasurer

HSBC FINANCE CORPORATION, as Lender

By: /s/ William H. Kesler
Name: William H. Kesler
Title: Executive Vice President and Treasurer

SCHEDULE 3.4(a)

Guarantee Obligations

None.

SCHEDULE 3.6

Disclosed Matters

None.

SCHEDULE 3.13

Subsidiaries

The following is a list of the direct and indirect subsidiaries of H&R Block, Inc., a Missouri corporation.

Company Name	Domestic Jurisdiction
Aculink Mortgage Solutions, LLC	Florida
AcuLink of Alabama, LLC	Alabama
Ada Services Corporation	Massachusetts
BFC Transactions, Inc.	Delaware
Birchtree Financial Services, Inc.	Oklahoma
Birchtree Insurance Agency, Inc.	Missouri
Block Financial LLC	Delaware
Burr Oak Technical Solutions, Inc.	Delaware
CFS-McGladrey, LLC	Massachusetts
Cfstaffing, Ltd.	British Columbia
Cityfront, Inc.	Delaware
Companion Insurance, Ltd.	Bermuda
Companion Mortgage Corporation	Delaware
Creative Financial Staffing of Western Washington, LLC	Massachusetts
EquiCo, Inc.	California
Express Tax Service, Inc.	Delaware
Financial Marketing Services, Inc.	Michigan
Financial Stop Inc.	British Columbia
FM Business Services, Inc.	Delaware
Franchise Partner, Inc.	Nevada
H&R Block (India) Private Limited	India
H&R Block (Nova Scotia), Incorporated	Nova Scotia
H&R Block Bank	Missouri
H&R Block Canada Financial Services, Inc.	Federally Chartered
H&R Block Canada, Inc.	Federally Chartered
H&R Block Eastern Enterprises, Inc.	Missouri
H&R Block Enterprises LLC	Missouri
H&R Block Global Solutions (Hong Kong) Limited	Hong Kong
H&R Block Group, Inc.	Delaware
H&R Block Insurance Agency, Inc.	Delaware
H&R Block Limited	New South Wales
H&R Block Management, LLC	Delaware
H&R Block Tax and Business Services, Inc.	Delaware
H&R Block Tax Institute, LLC	Missouri
H&R Block Tax Services LLC	Missouri
H&R Block, Inc.	Missouri
HRB Advance LLC	Delaware
HRB Center LLC	Missouri
HRB Concepts LLC	Delaware

Company Name	Domestic Jurisdiction
HRB Corporate Enterprises LLC	Delaware
HRB Corporate Services LLC	Missouri
HRB Digital LLC	Delaware
HRB Digital Technology Resources LLC	Delaware
HRB Expertise LLC	Missouri
HRB Innovations, Inc.	Delaware
HRB International LLC	Missouri
HRB Products LLC	Missouri
HRB Professional LLC	Delaware
HRB Progression LLC	Delaware
HRB Support Services LLC	Delaware
HRB Tax & Technology Leadership LLC	Missouri
HRB Tax Group, Inc.	Missouri
HRB Technology Holding LLC	Delaware
HRB Technology LLC	Missouri
McGladrey Capital Markets Canada Inc.	Federally Chartered
McGladrey Capital Markets Europe Limited	United Kingdom
McGladrey Capital Markets LLC	Delaware
OOMC Holdings LLC	Delaware
OOMC Residual Corporation	New York
O'Rourke Career Connections, LLC	California
Pension Resources, Inc.	Illinois
Provident Mortgage Services, Inc.	Delaware
RedGear Technologies, Inc.	Missouri
RSM (Bahamas) Global, Ltd.	The Bahamas
RSM Employer Services Agency of Florida, Inc.	Florida
RSM Employer Services Agency, Inc.	Georgia
RSM EquiCo, Inc.	Delaware
RSM McGladrey Business Services, Inc.	Delaware
RSM McGladrey Business Solutions, Inc.	Delaware
RSM McGladrey Employer Services, Inc.	Georgia
RSM McGladrey Insurance Services, Inc.	Delaware
RSM McGladrey TBS, LLC	Delaware
RSM McGladrey, Inc.	Delaware
Sand Canyon Acceptance Corporation	Delaware
Sand Canyon Corporation	California
Sand Canyon Securities Corp.	Delaware
Sand Canyon Securities II Corp.	Delaware
Sand Canyon Securities III Corp.	Delaware
Sand Canyon Securities IV LLC	Delaware
ServiceWorks, Inc.	Delaware
TaxNet Inc.	California
TaxWorks, Inc.	Delaware
Vantive Partners LLC	Missouri
West Estate Investors, LLC	Missouri
Woodbridge Mortgage Acceptance Corporation	Delaware

SCHEDULE 6.2

Existing Indebtedness

- Irrevocable Standby Letter of Credit issued on February 16, 2005 by KeyBank National Association in favor of Chubb National Company for an amount up to $3,500,000.
- Irrevocable Standby Letter of Credit issued on December 30, 2008 by U.S. Bank N.A. in favor of Old Republic Insurance Company for an amount up to $2,692,024.
- Irrevocable Standby Letter of Credit issued on October 23, 2007 by Comerica Bank N.A. in favor of Axis Insurance Company for an amount up to $500,000.
- Irrevocable Standby Letter of Credit assumed by RSM McGladrey, Inc. on June 1, 2007 and issued by U.S. Bank N.A. in favor of OOC Owner, LLC for an amount up to $75,000.
- The Guarantor's and Subsidiaries' obligations under surety bonds and fidelity bonds issued pursuant to state mortgage licensing requirements.

SCHEDULE 6.3

Existing Liens

None.

SCHEDULE 6.4(b)

ADDITIONAL BUSINESSES

- Businesses that offer products and services typically provided by finance companies, banks and other financial service providers, including consumer finance and mortgage-loan related products and services, credit products, insurance products, check cashing, money orders, wire transfers, stored value cards, bill payment services, notary services and similar products and services.
- Businesses that offer financial, or financial-related, products and services that can be marketed, provided or distributed by leveraging the retail locations of Guarantor's Subsidiaries or the relationships of such Subsidiaries with their clients as a tax return preparer or financial advisor or service provider.

SCHEDULE 6.6

Existing Restrictions

- Indenture dated as of October 20, 1997, by and between the Credit Parties and Bankers Trust Company, as trustee (the "October 20, 1997 Indenture").
- Any other Indenture entered into by any Credit Party to the extent that (a) the Indebtedness thereunder is permitted by Section 6.2(d) of this Agreement and (b) such other Indenture has substantially similar terms to the October 20, 1997 Indenture.
- Repurchase Agreements of the type referred to in Section 6.2(i) of this Agreement.
- Certain Subsidiaries must maintain capital requirements which could impair their ability to pay dividends or other distributions.

EXHIBIT A

[FORM OF SECURITY AGREEMENT]

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of January 14, 2009 between BLOCK FINANCIAL LLC ("Debtor"), a Delaware limited liability company, and HSBC FINANCE CORPORATION ("Secured Party"), a Delaware corporation.

WHEREAS, Debtor, Secured Party and H&R Block, Inc. have entered into a Credit and Guarantee Agreement dated as of January 14, 2009 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") pursuant to which Secured Party has agreed, subject to the terms and conditions thereof, to make loans to Debtor from time to time.

WHEREAS, Secured Party has required, as a condition to its making loans under the Credit Agreement, that Debtor execute and deliver this Agreement.

NOW, THEREFORE, in consideration of the premises and to induce Secured Party to make loans to Debtor under the Credit Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used herein without definition are used herein as defined in the Credit Agreement. In addition, the following terms shall have the following meanings:

"Additional Collateral Amount" means, at any time there is a Collateral Deficiency, the amount by which the Required Collateral Amount exceeds the fair market value of the Securities Account, as determined by the Securities Intermediary or the Transfer Agent or another service provider.

"BFC Program Contracts" means, collectively, the Indemnification Agreement, the Participation Agreement and the Servicing Agreement.

"Collateral" is defined in Section 2 hereof.

"Collateral Deficiency" means at any time that the fair market value of the Collateral held in the Securities Account, as determined by the Securities Intermediary or the Transfer Agent or another service provider, shall be less than the Required Collateral Amount.

"Contract Obligor" means any Person that is obligated to Debtor under a BFC Program Contract.

"Control Agreement" means the Investment Account Control Agreement between Debtor, Secured Party and the Securities Intermediary with respect to the Securities Account, in substantially the form of Exhibit B to the Credit Agreement.

"Direct Pay Provisions" means the provisions of paragraph 2 of the HSBC TFS Letter.

"HSBC RAL" means "HSBC RAL" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"HSBC TFS" means HSBC Taxpayer Financial Services, Inc., a Delaware corporation.

"HSBC TFS Letter" means a letter agreement between Debtor, HSBC TFS and Secured Party in substantially the form of Exhibit C to the Credit Agreement.

"Indemnification Agreement" means the HSBC Settlement Products Indemnification Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation, Beneficial Franchise Company Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.) and Debtor, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006, the Second Amendment to Program Contracts dated as of November 13, 2006, and the Third Amendment to Program Contracts dated as of December 5, 2008, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

"Participation Agreement" means the First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of November 13, 2006, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among the Borrower, the HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association.

"Participation Interest" means a "Participation Interest" under and as defined in the Credit Agreement.

"Required Collateral Amount" means at any time the greater of (i) $60,000,000 and (ii) the remainder of the (X) the Delinquent RAL Amount less (Y) the sum of (I) the Prepayment Amount and (II) the BFC Purchase Amount. For purposes of this definition, the "Delinquent RAL Amount" means at any time the quotient of (a) the amount determined in good faith by the Secured Party (or HSBC TFS on its behalf) to be the excess of (A) its forecast of the amount of delinquent HSBC RALs originated in 2009 as of December 31, 2009 (without consideration of any subsequent recoveries) over (B) $54,040,000, divided by (b) .89, which quotient shall be multiplied by .49999999; the "Prepayment Amount" means at any time the aggregate amount of

voluntary prepayments made by the Debtor at or prior to such time under Section 2.6(a)(i) of the Credit Agreement; and the "BFC Purchase Amount" means at any time the aggregate amount of the Participation Interests purchased by the Debtor at or prior to such time and not financed by the Secured Party by virtue of the Debtor's giving notice under Section 2.3 of the Credit Agreement that it does not wish to borrow all or some of a Loan as provided therein. The Secured Party (or HSBC TFS on its behalf), acting in good faith, may compute the Required Collateral Amount from time to time in its discretion, and any such computation of the Required Collateral Amount shall be based on the Secured Party's (or HSBC TFS's) statistical and reasonable judgmental forecast and models and methods in accordance with its practices and policies then in effect and shall be conclusive and binding in the absence of manifest error. The Secured Party's (or HSBC TFS's) forecast of the amount of delinquent HSBC RALs originated in 2009 as of December 31, 2009 (without consideration of any subsequent recoveries) as of the date of this Agreement is $54,039,461. Notwithstanding the foregoing, for purposes of this definition of "Required Collateral Amount" and related provisions of this Agreement, the Secured Party may rely on determinations, computations and forecasts made by HSBC TFS as to the amount of HSBC RALs.

"Securities Account" means account number 615878 maintained by Debtor with the Securities Intermediary, all cash balances, securities, instruments, financial assets and investment property at any time and from time to time credited to, received or receivable in respect of such account, and all securities entitlements and claims thereunder or in connection therewith.

"Securities Intermediary" means HSBC Investor Funds.

"Servicing Agreement" means the First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006 , as amended from time to time, and any restatement, extension, renewal and replacement thereof, among HSBC Bank USA, National Association, HSBC TFS, HSBC Trust Company (Delaware), N.A., and Debtor.

"Transfer Agent" has the meaning specified in the Control Agreement.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, if, by reason of mandatory provisions of law, the attachment, perfection or priority of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

The terms "control", entitlement holder", "entitlement order", "financial asset", "instrument", "investment property", "proceeds", "security", "security entitlement", "securities intermediary" and "supporting obligation" shall have the respective meanings set forth in the Uniform Commercial Code.

2. Security Interest. As collateral security for the prompt payment in full when due (whether at stated maturity, by acceleration or otherwise) of the Obligations, Debtor hereby assigns and pledges to Secured Party and grants to Secured Party a security interest in and to all of Debtor's right, title and interest in the following property and interests in property, whether now owned or hereafter acquired by Debtor and wherever located (collectively, the "Collateral"):

(a) the BFC Program Contracts, including (without limitation) the Participation Interests purchased by Debtor under the Participation Agreement, all rights of Debtor related to the HSBC RALs to which such Participation Interests relate, and all monies due and to become due in respect thereof; provided, that the security interest created hereby shall not extend to the rights reserved to Debtor pursuant to the proviso in Section 3 hereof;

(b) the Securities Account (including without limitation any Additional Collateral Amount deposited therein pursuant to Section 5(d) hereof); and

(c) all proceeds, supporting obligations, income, benefits, substitutions, additions and replacements of and to any of the property described in this Section 2 including, without limitation, all rights, claims and benefits against any Contract Obligor or other Person obligated on any Collateral, and all related books, correspondence, files, records, invoices and other papers, including, without limitation, all computer runs, programs and files.

3. Certain Rights of Debtor. Notwithstanding any other term or provision of this Agreement, as long as no Event of Default has occurred, Debtor may exercise all of its rights under the BFC Program Contracts, other than the following, which Debtor may not exercise: (a) the right to receive payments from HSBC TFS under the Direct Pay Provisions of the amounts to be transferred by HSBC TFS to Secured Party thereunder, (b) the right to sell, assign, pledge or grant a security interest in or Lien on the Collateral and (c) its right to modify, amend or waive its rights under the BFC Program Contracts that would affect in any way the Participation Interests that have been financed by Secured Party pursuant to the Credit Agreement, provided, further, that even after an Event of Default has occurred and is continuing under the Credit Agreement, Debtor will have the right, on a prospective basis, (i) under Section 4.1 of the Participation Agreement, to participate or not participate in subsequently originated HSBC RALs and to change the Applicable Percentage (as defined in the Participation Agreement) with respect thereto, (ii) under Section 4.4 of the Participation Agreement, to elect not to purchase a participation interest in certain groups of subsequently originated HSBC RALs; and (iii) under Section 4.8 of the Participation Agreement to sell, assign or transfer its right to purchase participation interests on subsequently originated HSBC RALs that are not financed by Secured Party.

4. Representations and Warranties of Debtor. Debtor represents and warrants to Secured Party as follows:

(a) Binding Effect. This Agreement has been, and the Control Agreement and the HSBC TFS Letter will be, duly executed and delivered by Debtor, and this Agreement constitutes, and the Control Agreement and the HSBC TFS Letter will constitute, legal, valid and binding agreements of Debtor, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(b) Ownership and Liens. Debtor is and will be the owner of the Collateral and no Lien exists or will exist upon such Collateral at any time except as provided for in this Agreement. Debtor is the sole entitlement holder with respect to the Securities Account.

(c) Perfection. This Agreement is effective to create in favor of Secured Party a valid security interest in and Lien upon all of Debtor's right, title and interest in and to the Collateral and, upon the filing of an appropriate Uniform Commercial Code financing statement in the Office of the Secretary of State of the State of Delaware, such security interest will be a duly perfected security interest in all of the Collateral and no further recordings or filings are or will be required in connection with the creation, perfection or enforcement of such security interest and Lien, other than (i) the filing of continuation statements or financing change statements in accordance with applicable law and (ii) additional filings if Debtor changes its name, identity or organizational structure or the jurisdiction in which it is organized.

5. Agreements of Debtor. Debtor hereby agrees with Secured Party as follows:

(a) Direct Payment to Secured Party. Debtor shall enter into the HSBC TFS Letter with Secured Party and HSBC TFS. Debtor shall, forthwith upon becoming aware or being made aware that it has received any amount in payment under the Direct Pay Provisions at any time, pay such amount to Secured Party, and any such amount which may be so received by Debtor shall, from the time of Debtor being or becoming aware of such receipt, not be commingled by Debtor with any of its other funds or property but, until paid to Secured Party, shall be held separate and apart from such other funds and property and in trust for Secured Party. Debtor authorizes and empowers Secured Party (i) to ask, demand, receive, receipt and give acquittance for any and all amounts which may be or become due or payable at any time to Debtor under the Direct Pay Provisions and (ii) in its discretion to file any claims or take any action or proceeding, either in its own name or in the name of Debtor or otherwise, which Secured Party may deem to be necessary or advisable to collect amounts due under the Direct Pay Provisions.

(b) Performance of BFC Program Contracts. Debtor shall remain liable under the BFC Program Contracts to perform all of its obligations thereunder and shall duly and punctually perform and observe all of the terms and provisions of the BFC Program Contracts on the part of Debtor to be performed or observed, subject to any applicable grace or cure periods contained in the BFC Program Contracts. Secured Party does not assume and shall not have any obligations or liabilities under the BFC Program Contracts by reason of or arising out of this Agreement, nor shall Secured Party be obligated to make any inquiry as to the nature or sufficiency of any

payment received under the BFC Program Contracts or to collect or enforce the BFC Program Contracts. Debtor shall not agree to or suffer or permit any amendment, modification or waiver of or under the BFC Program Contracts that would affect in any way the Participation Interests that have been financed by Secured Party pursuant to the Credit Agreement.

(c) Other Documents and Actions. Debtor shall, within 10 days of request by Secured Party, give, execute, deliver, file or record any financing statement, notice, instrument, agreement or other document that may be necessary or desirable in the reasonable judgment of Secured Party to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable Secured Party to exercise and enforce the rights of Secured Party hereunder with respect to such security interest.

(d) Additional Collateral. Not later than one Business Day after the date of any written demand by the Secured Party made upon the Debtor at any time after February 15, 2009 when there is a Collateral Deficiency, the Borrower shall deposit into the Securities Account cash in the amount of the Additional Collateral Amount stated in such demand, which shall thereupon constitute part of the Collateral. Any such demand shall include a computation of the Additional Collateral Amount and the Secured Party's (or HSBC TFS's) forecast of the amount of delinquent HSBC RALs originated during 2009 as of December 31, 2009 and shall be conclusive and binding in the absence of manifest error. Without limiting the foregoing, the Additional Collateral Amount so deposited shall be made available from funds of the Debtor and not from collections distributable to the Secured Party under the Direct Pay Provisions.

(e) Control Agreement. Debtor shall take any and all actions required or requested by Secured Party from time to time to cause Secured Party to maintain exclusive control the Securities Account and for that purpose Debtor shall enter into the Control Agreement with Secured Party and the Securities Intermediary. Debtor agrees that Debtor shall not withdraw any money or property from the Securities Account or modify or terminate the Control Agreement or any customer agreement relating to the Securities Account without the prior written consent of Secured Party.

(f) Other Liens. Debtor shall not create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral and shall defend the right, title and interest of Secured Party in and to the Collateral and in and to all Proceeds thereof against the claims and demands of all Persons whatsoever.

(g) Preservation of Rights. Whether or not any Event of Default has occurred or is continuing, Secured Party may, but shall not be required to, take any actions Secured Party reasonably deems necessary or appropriate to preserve any Collateral or any rights against third parties to any of the Collateral and Debtor shall, within 30 days of demand by Secured Party, pay, or reimburse Secured Party for, all expenses incurred in connection therewith.

(h) Changes in Name, etc. The name of Debtor that appears above its signature on this Agreement is its full and correct legal name as it appears in its certificate of formation. Debtor

shall notify Secured Party promptly in writing prior to any change in Debtor's name, identity, limited liability company structure or state of formation.

(i) Financing Statements. Debtor hereby irrevocably authorizes Secured Party, at Debtor's expense, to file such financing and continuation statements relating to this Agreement, without Debtor's signature, as Secured Party may deem appropriate, and appoints Secured Party as Debtor's attorney-in-fact to execute any such statements in Debtor's name and to perform all other acts which Secured Party deems appropriate to perfect and continue the security interest created hereby.

6. Remedies. During the period during which an Event of Default shall have occurred and be continuing:

(a) Secured Party shall have, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a Secured Party upon default under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to the affected Collateral) and Secured Party may, without notice, demand or legal process of any kind except as may be required by law, at any time or times (i) if Secured Party shall have requested that Debtor assemble any tangible Collateral pursuant to Section 6(a)(ii) hereof and Debtor shall have failed to do so in a commercially reasonable time, enter Debtor's premises and take physical possession of such tangible Collateral and maintain such possession on Debtor's premises, at no cost to Secured Party, or remove such tangible Collateral or any part thereof to such other place or places as Secured Party may desire, (ii) require Debtor to, and Debtor hereby agrees to, assemble any tangible Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to Secured Party and Debtor and (iii) without notice except as specified below, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof at public or private sale, at any exchange, broker's board or at any of the offices of Secured Party or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. Debtor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor and such sale may, without further notice, be made at the time and place to which it was so adjourned;

(b) Secured Party may make any compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments or otherwise modify the terms of, any of the Collateral;

(c) Secured Party may, in the name of Secured Party or in the name of Debtor or otherwise, demand, sue for, collect or receive any money or property at any time payable or

receivable on account of or in exchange for any of the Collateral, but shall be under no obligation to do so; and

(d) Secured Party may take any action and exercise any right or remedy available to it under the Control Agreement, including any right to give instructions or entitlement orders to the Securities Intermediary under the Control Agreement and to dispose of any Collateral in the Securities Account as provided in Section 6(a).

7. Deficiency; Application of Proceeds. If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Obligations, Debtor shall remain liable for any deficiency. The proceeds of any collection, sale or other realization of all or any part of the Collateral shall be applied first, to payment of all expenses payable or reimbursable by Debtor under the Loan Documents in connection with such collection, sale or other realization on the Collateral, and then as provided in the Credit Agreement.

8. Power of Attorney. Debtor hereby irrevocably constitutes and appoints Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to time in the discretion of Secured Party, after the occurrence and during the continuance of an Event of Default, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Debtor, without notice to or assent by Debtor, to do the following upon the occurrence and during the continuance of an Event of Default:

(a) to ask, demand, collect, receive and give acquittance and receipts for any and all moneys due and to become due under any Collateral and, in the name of Debtor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notices acceptances or other instruments for the payment of monies due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral whenever payable and to file any claim or to take any other action or proceeding or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral;

(b) to pay or discharge charges or Liens levied or placed on or threatened against the Collateral;

(c) to direct any Contract Obligor or other party liable under any of the Collateral to make payment of any and all monies due and to become due thereunder directly to Secured Party or as Secured Party may direct, and to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due in respect of or arising out of any Collateral;

(d) to sign and indorse any invoices, drafts against debtors, assignments, verifications and notices in connection with or relating to the Collateral;

(e) to commence and prosecute any suits, actions or proceedings to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(f) to participate in the defense of any suit, action or proceeding brought against Debtor with respect to any Collateral, or to defend same with Debtor's consent;

(g) to settle, compromise or adjust any such suit, action or proceeding as it relates to the Collateral and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate;

(h) to notify each Contract Obligor in respect of any BFC Program Contracts that such Collateral has been assigned to Secured Party and that any payments due or to become due in respect of such Collateral are to be made directly to Secured Party; and to communicate in its own name with any party to any BFC Program Contract with regard to the assignment of the right, title and interest of Debtor in and under the BFC Program Contracts hereunder and other matters relating thereto;

(i) to execute, in connection with any sale of Collateral provided for in Section 6 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(j) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes and to do, at Secured Party's option and at Debtor's expense, at any time or from time to time, all acts and things which Secured Party reasonably deems necessary to protect, preserve or realize upon the Collateral and Secured Party's Lien therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

The power of attorney granted hereunder is a power coupled with an interest, shall be irrevocable until this Agreement is terminated pursuant to Section 9, and shall not limit the rights of Secured Party when no Event of Default shall have occurred and be continuing.

9. Termination. This Agreement and the security interests granted hereunder shall not terminate until the termination of the Commitment of the Secured Party under the Credit Agreement and the full and complete payment and satisfaction of all Obligations (regardless of whether the Credit Agreement shall have earlier terminated), at which time Secured Party shall notify (i) the Securities Intermediary of the termination of the Control Agreement pursuant to Section 15 thereof and (ii) HSBC TFS of the termination of the HSBC TFS Letter pursuant to paragraph 3 thereof.

10. Further Assurances. At any time and from time to time, within 10 days of request of Secured Party, and at the sole expense of Debtor, Debtor shall duly execute and deliver any and all such further instruments, documents and agreements and take such further actions as Secured Party may reasonably require in order for Secured Party to obtain the full benefits of this Agreement, including, without limitation, using Debtor's best efforts to secure all consents and approvals necessary or appropriate for the assignment to Secured Party of any Collateral held by Debtor or in which Debtor has any rights not heretofore assigned.

11. Limitation on Duty of Secured Party. The powers conferred on Secured Party under this Agreement are solely to protect the Secured Party's interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any of the Collateral. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither Secured Party nor any of its officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for gross negligence or willful misconduct. Without limiting the foregoing, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which Secured Party, in its individual capacity, accords its own property consisting of the type of Collateral involved, it being understood and agreed that Secured Party shall have no responsibility for taking any necessary steps, other than steps taken in accordance with the standard of care set forth above, to preserve rights against any Person with respect to any Collateral.

12. Private Sales. Debtor recognizes that Secured Party may be unable to

effect a public sale of certain of the Collateral by reason of prohibitions contained in the Securities Act of 1933, as amended, and applicable state securities laws or otherwise, and may be compelled to resort to one or more private sales thereof to a restricted group of purchasers which will be obliged to agree, among other things, to acquire such Collateral for their own account for investment and not with a view to the distribution or resale thereof. Debtor acknowledges and agrees that any such private sale may result in prices and other terms less favorable than if such sale were a public sale and, notwithstanding such circumstances, agrees that, solely by reason of such circumstances, any such private sale shall be deemed to have been made in a commercially reasonable manner; provided, that nothing in this Section 12 shall otherwise relieve Secured Party of any duty to proceed in a commercially reasonable manner in connection with such private sale. Secured Party shall be under no obligation to delay a sale of any of the Collateral for the period of time necessary to permit registration of any Collateral for public sale under such Act or applicable state securities laws.

13. Miscellaneous.

(a) No Waiver. No failure on the part of Secured Party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall

operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York.

(c) Notices. All notices, demands and requests that any party is required or elects to give to any other party shall be given in accordance with the provisions of the Credit Agreement.

(d) Amendments. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by Debtor and Secured Party.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of each of the parties hereto; provided, that Debtor shall not assign or transfer its rights or delegate its obligations hereunder without the prior written consent of Secured Party.

(f) Counterparts; Headings. This Agreement may be executed in any number of counterparts and by any party on any counterpart, all of which together shall constitute one and the same instrument. The headings in this Agreement are for convenience of reference only and shall not alter or otherwise affect the meaning hereof.

(g) Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible, and the invalidity or unenforceability of any provision in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be duly executed and delivered as of the date first written above.

BLOCK FINANCIAL LLC

By: _____
Name:
Title:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

EXHIBIT B

[FORM OF CONTROL AGREEMENT]

INVESTMENT ACCOUNT CONTROL AGREEMENT

INVESTMENT ACCOUNT CONTROL AGREEMENT dated as of January 14, 2009 among BLOCK FINANCIAL LLC, a Delaware limited liability company ("Debtor"), HSBC FINANCE CORPORATION ("Secured Party"), a Delaware corporation, and HSBC INVESTOR FUNDS (the "Securities Intermediary"), a Massachusetts business trust.

WHEREAS, Debtor, Secured Party and H&R Block, Inc. have entered into a Credit and Guarantee Agreement dated as of January 14, 2009 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") pursuant to which Secured Party has agreed, subject to the terms and conditions thereof, to make loans to Debtor from time to time.

WHEREAS, Secured Party has required, as a condition to its making loans under the Credit Agreement, that Debtor execute and deliver to Secured Party a Security Agreement (as amended, restated or otherwise modified and in effect from time to time, the "Security Agreement"), which Security Agreement creates a security interest in certain property of Debtor, including the Securities Account, as hereinafter defined, maintained with Securities Intermediary by Debtor in which certain cash balances, securities, financial assets and other investment property are held.

WHEREAS, Secured Party, Debtor and Securities Intermediary have agreed to enter into this Agreement to perfect Secured Party's security interests in the Collateral, as defined below.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Section 1. Meaning of "UCC". All references herein to the "UCC" shall mean the Uniform Commercial Code as in effect in the State of New York.

Section 2. Establishment of Securities Account. The Securities Intermediary hereby confirms that (i) the Securities Intermediary has established account number 615878 in the name Debtor (such account and any successor account, the "Securities Account"), (ii) the Securities Account is a "securities account" as such term is defined in Section 8-501(a) of the UCC, (iii) pursuant to that the Security Agreement, Secured Party has a security interest in Debtor's right, title and interest in and to such Securities Account and all cash balances, securities, instruments, investment property and financial assets maintained therein from time to time, including any Additional Collateral Amount (as defined in the Security Agreement) deposited into the Securities Account at any time and all securities entitlements relative thereto (collectively, "Collateral"), (iv) the Securities Intermediary shall, subject to the terms of this Agreement, treat

Secured Party as entitled to exercise the rights relating to any Collateral credited to the Securities Account, (v) all property delivered to the Securities Intermediary pursuant to the Security Agreement will be promptly credited to the Securities Account and become Collateral, and (vi) all Collateral credited to the Securities Account shall be registered in the name of the Secured Party, endorsed to the Secured Party or in blank, and in no case will any Collateral credited to the Securities Account be registered in the name of the Debtor, payable to the order of the Debtor or specially endorsed to the Debtor except to the extent the foregoing have been specially endorsed to the Secured Party or in blank.

Section 3. "Financial Assets" Election. The Securities Intermediary hereby agrees that each item of property (whether investment property, financial asset, security, instrument or cash) credited to the Securities Account shall be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC.

Section 4. Sole Control. Secured Party shall have sole control over the Securities Account. Securities Intermediary shall not accept any direction, instructions, or entitlement orders with respect to the Securities Account or the Collateral credited thereto from any person other than Secured Party, except as provided in Section 6 and unless otherwise ordered by a court of competent jurisdiction.

Section 5. Entitlement Orders. The Securities Intermediary hereby agrees that if Secured Party delivers to the Securities Intermediary and its transfer agent identified in Section 14 (the "Transfer Agent") an "entitlement order" (within the meaning of Section 8-102(a)(8) of the UCC) relating to the Securities Account, the Securities Intermediary shall comply with such entitlement order (and shall cause the Transfer Agent to so comply) without further consent by the Debtor or any other person, and Debtor hereby irrevocably authorizes such compliance. Secured Party will only issue an entitlement order following an "Event of Default" under the Credit Agreement and for the purpose of directing the Securities Intermediary to distribute Collateral to the Secured Party for application to the obligations of the Debtor under the Credit Agreement and the Security Agreement.

Section 6. Procedures for Securities Account. (a) The Debtor may from time to time deposit in the Securities Account cash as Additional Collateral Amounts as provided in the Security Agreement.

(b) The Securities Intermediary shall, or shall cause the Transfer Agent or another servicer provider to, determine the fair market value of the assets in the Securities Account from time to time in accordance with its then current policies and procedures on the request of the Secured Party and shall notify, or cause the Transfer Agent or such other service provider to notify, the Secured Party of such fair market value.

(c) Without Secured Party's prior written consent: (i) neither Debtor nor any party other than Secured Party may withdraw any Collateral from the Securities Account and (ii) the

Securities Intermediary will not comply with any entitlement order or request to withdraw any Collateral from the Securities Account given by any party other than Secured Party.

Section 7. Subordination of Lien; Waiver of Set-Off. In the event that the Securities Intermediary has or subsequently obtains by agreement, operation of law or otherwise a security interest in the Securities Account or any Collateral credited thereto, the Securities Intermediary hereby agrees that such security interest shall be subordinate to the security interest of the Secured Party. The Collateral will not be subject to deduction, set-off, banker's lien, or any other right in favor any person other than the Secured Party except for the payment of the customary fees and expenses of the Securities Intermediary.

Section 8. Choice of Law. Both this Agreement and the Securities Account shall be governed by the laws of the State of New York. Regardless of any provision in any other agreement, for purposes of the UCC, New York shall be deemed to be the Securities Intermediary's location and the Securities Account (as well as the securities entitlements related thereto) shall be governed by the laws of the State of New York.

Section 9. Conflict with other Agreements. There are no other agreements entered into between the Securities Intermediary and the Debtor with respect to the Securities Account except for a certain account application dated December 15, 2006 (the "Account Agreement"), which the Securities Intermediary and the Debtor agree remains in full force and effect in accordance with its terms. In the event of any conflict between this Agreement (or any portion thereof) and any other agreement now existing (including the Account Agreement) or hereafter entered into, the terms of this Agreement shall prevail.

Section 10. Indemnification The Securities Intermediary shall have no liability under this Agreement except in the case of its gross negligence or willful misconduct. Debtor agrees to indemnify Securities Intermediary and Transfer Agent against all claims, liabilities and expenses incurred, sustained or payable by Securities Intermediary or Transfer Agent arising out of this Agreement except to the extent directly caused by the Securities Intermediary's or the Transfer Agent's gross negligence or willful misconduct.

Section 11. Amendments. No amendment or modification of this Agreement or waiver of any right hereunder shall be binding on any party hereto unless it is in writing and is signed by all of the parties hereto.

Section 12. Notice of Adverse Claims. Except for the claims and interests of the Secured Party and of Debtor in the Securities Account, the Securities Intermediary does not know of any claim to, or interest in, the Securities Account or in any financial asset credited thereto. If any person asserts any lien, encumbrance or adverse claim (including any writ, garnishment, judgment, warrant of attachment, execution or similar process) against the Securities Account or in any Collateral carried therein, the Securities Intermediary will promptly notify the Secured Party and Debtor thereof.

Section 13. Successors. The terms of this Agreement shall be binding upon, and shall inure to the benefit of, the parties hereto and their respective corporate successors or heirs and personal representatives.

Section 14. Notices. All notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

Secured Party:

HSBC Finance Corporation
26525 N. Riverwoods Road
Mettawa, Illinois 60045

Attention: Treasurer

Fax no.: (224) 552-4408

with copies to:

HSBC Finance Corporation
26525 N. Riverwoods Road
Mettawa, Illinois 60045
Attention: Executive Vice President, Deputy
General Counsel and Corporate Secretary
Fax no.: (224) 552-2941

HSBC Securities, Inc.
425 Fifth Avenue, Lower Level
New York, N.Y. 10018
(Telecopy No. (212) 525-2479)
Attention: Jimmy Tse

HSBC Taxpayer Financial Services Inc.
200 Somerset Corporate Boulevard
Bridgewater, N.J. 08807
(Telecopy No. (908) 203-4211)
attention: EVP and President

HSBC Taxpayer Financial Services Inc.
90 Christiana Road
New Castle, DE 19707
(Telecopy No. (302) 327-2507)
attention: General Counsel

Debtor:	Block Financial LLC One H&R Block Way Kansas City, MO 64105 Attention: Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043)
Securities Intermediary:	HSBC Investor Funds c/o HSBC Global Asset Management (USA) Inc. 452 Fifth Avenue New York, NY 10018 Attention: Richard Fabietti Telephone: 212 525-2387 Fax No.: 917 525-1032 with a copy to: HSBC Global Asset Management (USA) Inc. 452 Fifth Avenue New York, NY 10018 Attention: James M. Curtis Telephone: 212 525-6961 Fax No.: 917 229-5219
Transfer Agent:	Citi Fund Services Ohio, Inc. 3455 Stelzer Road Columbus, Ohio 43219 Attention: Ayre Spencer TA Risk Management Telephone: 1-877-244-2424 Telecopy: (614) 428-3061

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt. Debtor, Secured Party or Securities Intermediary may, in its sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Section 15. Termination. The rights and powers granted herein to the Secured Party have been granted in order to perfect its security interests in the Securities Account, are powers coupled with an interest and will neither be affected by the bankruptcy of Debtor nor by the lapse of time. This Agreement, the rights and powers granted herein to the Secured Party, and the obligations of the Securities Intermediary hereunder shall automatically terminate upon the termination of the Secured Party's security interests pursuant to the terms of the Security Agreement. The Secured Party shall promptly provide written notice of such termination to the Securities Intermediary.

Section 16. Counterparts. This Agreement may be executed in any number of counterparts, all of which shall constitute one and the same instrument, and any party hereto may execute this Agreement by signing and delivering one or more counterparts.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first written above.

BLOCK FINANCIAL LLC

By: _____
Name:
Title:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

HSBC INVESTOR FUNDS,
as Securities Intermediary

By: _____
Name:
Title:

EXHIBIT C

[FORM OF HSBC TFS LETTER]

HSBC TAXPAYER FINANCIAL SERVICES INC.
90 Christiana Road
New Castle, Delaware 19720

As of January 14, 2009

HSBC Finance Corporation
26525 N. Riverwoods Road
Mettawa, IL 60045

Block Financial LLC
One H&R Block Way
Kansas City, MO 64105

Ladies and Gentlemen:

HSBC Taxpayer Financial Services Inc. ("HSBC TFS") acknowledges that HSBC Finance Corporation (the "Lender") and Block Financial LLC (the "Borrower") have notified HSBC TFS that they are party to (1) a Credit and Guarantee Agreement dated as of January 14, 2009 (as amended, restated or otherwise modified and in effect from time to time, the "Credit Agreement") with H&R Block, Inc., as Guarantor, pursuant to which the Lender has agreed, subject to the terms and conditions thereof, to make Loans to the Borrower from time to time and (2) a Security Agreement dated as of January 14, 2009 (as amended, restated or otherwise modified and in effect from time to time, the "Security Agreement") pursuant to which the Borrower has granted to the Lender a security interest in certain property, including the Borrower's right, title and interest in and to the Servicing Agreement and the Participation Agreement to secure the obligations of the Borrower under the Credit Agreement.

As provided herein, the Borrower directs that 100% of all amounts payable to the Borrower under the Participation Agreement from the repurchase or repayment of HSBC RALs shall be paid by HSBC TFS directly to the Lender to repay the Loans until such time as all outstanding principal of the Loans has been paid in full.

The parties are entering into this letter agreement to set forth certain agreements among them.

1. Definitions. Capitalized terms used herein that are not otherwise defined herein shall have the meanings set forth in the Credit Agreement.

2. Instructions. As contemplated in the Credit Agreement and the Security Agreement, the Borrower hereby authorizes and instructs HSBC TFS: (1) to give notice to the Lender of the Purchase Price of all Participation Interests to be purchased by the Borrower under the Participation Agreement on any Business Day, such notice to be given to the Lender simultaneously with the giving of notice to the Borrower under Section 4.3 of the Participation Agreement but in any case not later than 9:30 a.m., New York City time, on such Business Day; (2) to accept from the Lender for the account of the Borrower the proceeds of Loans made by the Lender to the Borrower under the Credit Agreement in payment of all or part of the Purchase Price of Participation Interests to be purchased on such Business Day, to the extent of the amount of such Loans; (3) at any time when there is outstanding unpaid principal on the Loans, to pay 100% of all amounts then payable to the Borrower by HSBC TFS under Section 6 of the Participation Agreement in respect of the repurchase of Participation Interests that have been purchased by the Borrower directly to the Lender, to such account as it shall specify from time to time, to be applied to the payment principal due on the Loans; (4) at any time when there is outstanding unpaid principal on the Loans, to pay 100% of all amounts then to be remitted to the Borrower by HSBC TFS under Section 3.4(b)(iii) of the Servicing Agreement in respect of principal or interest collected or recovered on HSBC RALs in which the Borrower has purchased Participation Interests directly to the Lender, to such account as it shall specify from time to time, to be applied to the payment of principal due on the Loans; (5) at any time when there is no outstanding unpaid principal on the Loans, to pay 100% of all amounts then payable to the Borrower by HSBC TFS under Section 6 of the Participation Agreement in respect of the repurchase of Participation Interests that have been purchased by the Borrower directly to the Borrower, to such account as the Borrower shall specify from time to time; and (6) at any time when there is no outstanding unpaid principal on the Loans, to pay 100% of all amounts then to be remitted to the Borrower by HSBC TFS under Section 3.4(b)(iii) of the Servicing Agreement in respect of principal or interest collected or recovered on HSBC RALs in which the Borrower has purchased Participation Interests directly to the Borrower, to such account as the Borrower shall specify from time to time.

The Borrower and HSBC TFS agree that the authorizations and instructions in the preceding paragraph may not be waived, modified or revoked without the prior written agreement of the Lender. HSBC TFS hereby acknowledges and agrees to the instructions given to it in the preceding paragraph. The Lender agrees that it shall give prompt written notice to HSBC TFS and the Borrower when all Loans borrowed and other amounts payable under the Credit Agreement have been paid in full and no further Commitment exists thereunder, at which time the authorizations and instructions in the preceding paragraph and the agreements of the Lender in this letter agreement shall terminate.

3. Miscellaneous. Except as provided in paragraph 2, all notices and other communications provided for in this letter agreement shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

Lender:

HSBC Finance Corporation
26525 N. Riverwoods Road
Mettawa, Illinois 60045
Attention: Treasurer
Fax no.: (224) 552-4408

with a copy to:

HSBC Finance Corporation
26525 N. Riverwoods Road
Mettawa, Illinois 60045
Attention: Executive Vice President,
Deputy General Counsel and Corporate
Secretary
Fax no.: (224) 552-2941

HSBC Securities, Inc.
425 Fifth Avenue, Lower Level
New York, N.Y. 10018
(Telecopy No. (212) 525-2479)
Attention: Jimmy Tse

HSBC Taxpayer Financial Services Inc.
200 Somerset Corporate Boulevard
Bridgewater, N.J. 08807
(Telecopy No. (908) 203-4211)
attention: EVP and President

HSBC Taxpayer Financial Services Inc.
90 Christiana Road
New Castle, DE 19707
(Telecopy No. (302) 327-2507)
attention: General Counsel

Borrower:

Block Financial LLC

One H&R Block Way
Kansas City, MO 64105
Attention: Becky Shulman (Telecopy No. (816) 854-8043), David Staley (Telecopy No. (816) 854-8043) and Andrew Somora (Telecopy No. (816) 802-1043)

HSBC TFS:

HSBC Taxpayer Financial Services Inc.
90 Christiana Road
New Castle, Delaware 19720
Attention: EVP and President
Telephone: 908-203-4441
Fax No.: 302-327-2533

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this letter agreement shall be deemed to have been given on the date of receipt. Without limiting paragraph 2 hereof, each of the Lender, the Borrower or HSBC TFS may, in its sole discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

This letter agreement shall be governed by and construed in accordance with the law of the State of New York.

By executing this letter agreement in the space below, each of the Borrower, HSBC TFS and the Lender agree to the terms and provision of this letter agreement.

Very truly yours,

HSBC TAXPAYER FINANCIAL SERVICES, INC.

By: _____
Name:
Title:

Accepted and agreed:

HSBC FINANCE CORPORATION

By: _____
Name:
Title:

Accepted and agreed:

BLOCK FINANCIAL LLC

By: _____
Name:
Title:

EXHIBIT D

[FORM OF OPINION OF STINSON MORRISON HECKER LLP]

January ___, 2009

HSBC Finance Corporation
26525 N. Riverwoods Road
Mettawa, Illinois 60045

Ladies and Gentlemen:

We have acted as special counsel for Block Financial LLC (the "**Borrower**") and H&R Block, Inc. (the "**Guarantor**" and, together with the Borrower, the "**Credit Parties**"), in connection with the Credit and Guarantee Agreement, dated as of January 14, 2009 (the "**Credit Agreement**"), by and among the Borrower, the Guarantor and HSBC Finance Corporation (the "**Lender**"). Unless otherwise defined herein, capitalized terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement, and capitalized terms defined in the Security Agreement (defined below) and used herein, but not defined in the Credit Agreement, shall have the meanings given to them in the Security Agreement. This opinion letter is being delivered to you at the request of the Credit Parties in accordance with Section 4.2 (b) of the Credit Agreement.

In connection with this opinion letter, we have examined originally executed counterparts or other copies identified to our satisfaction of the following documents (the "**Reviewed Documents**"):

(a) the Credit Agreement;

(b) the Security Agreement, dated as of January 14, 2009 (the "**Security Agreement**"), between the Borrower and the Lender;

(c) the Investment Account Control Agreement dated as of January 14, 2009 (the "**Control Agreement**"), among the Borrower, the Lender and HSBC Investor Funds (the "**Securities Intermediary**");

(d) the letter agreement, dated as of January 14, 2009 (the "**HSBC TFS Letter**") among the Borrower, the Lender and HSBC TFS;

(e) the pricing letter dated as of January 14, 2009 between the Credit Parties and the Lender;

(f) the Form UCC-1 Financing Statement naming the Borrower, as Debtor, and the Lender, as Secured Party, filed or to be filed by Lender in the office of the Secretary of State of Delaware in the form attached hereto as Schedule A (the "**Financing Statement**");

(g) the following documents regarding the Borrower: (i) the certificate of conversion and certificate of formation and any amendments thereto certified as of the date hereof by the Secretary of the Borrower, (ii) the Operating Agreement dated as of January 1, 2008 and any amendments thereto certified as of the date hereof by the Secretary of the Borrower, (iii) a copy of the resolutions of the sole member of the Borrower certified as of the date hereof by the Secretary of the Borrower and (iv) a certificate of good standing dated January ___, 2009 issued by the Secretary of State of Delaware;

(h) the following documents regarding the Guarantor: (i) the articles of incorporation and any amendments thereto certified as of the date hereof by the Secretary of the Guarantor, (ii) the by-laws and any amendments thereto certified as of the date hereof by the Secretary of the Guarantor, (iii) a copy of the resolutions of the Board of Directors of the Guarantor certified as of the date hereof by the Secretary of the Guarantor and (iv) a certificate of good standing dated January ___, 2009 issued by the Secretary of State of Missouri; and

(i) such other agreements, instruments, certificates, documents, orders, pleadings, records and papers, including, without limitation, certificates of public officials and certificates of representatives of the Borrower and the Guarantor, as we have deemed appropriate, in our professional judgment, to render the opinions set forth below.

The documents specified in items (a) through (e) above are hereinafter collectively called the "**Loan Documents**" and individually, a "**Loan Document**."

In rendering the opinions and confirmations set forth herein, we have made, without investigation on our part, the following assumptions:

a. (i) Each Reviewed Document submitted to us as an original is authentic; (ii) each Reviewed Document submitted to us as a certified, conformed, telecopied, photostatic, electronic or execution copy conforms to the original of such document, and each such original is authentic; (iii) all signatures appearing on Reviewed Documents are genuine; (iv) the execution, delivery and performance of each Loan Document have been duly authorized by all requisite corporate, limited liability company, partnership or other action on the part of, and each Loan

Document has been duly executed and delivered by, the parties thereto other than the Credit Parties, and each Loan Document is, under all applicable laws, the valid and binding obligation of the parties thereto (other than the Credit Parties) enforceable against such parties (other than the Credit Parties) in accordance with its terms; (v) all natural persons who have signed or will sign any of the Reviewed Documents had, or will have, as the case may be, the legal capacity to do so at the time of such signature; and (vi) excluding Reviewed Documents, there is no agreement, understanding, course of dealing or performance, usage of trade, or writing defining, supplementing, amending, modifying, waiving or qualifying the terms of any of the Loan Documents.

b. The statements, recitals, representations and warranties as to matters of fact set forth in the Loan Documents are accurate and complete. All certificates and similar documents provided to us by public officials are accurate and complete. The certificates provided to us by either or both of the Credit Parties are accurate and complete as to the factual matters set forth therein.

c. There is no circumstance (such as, but not limited to, mutual mistake of fact or misunderstanding, fraud in the inducement, duress, undue influence, waiver or estoppel) extrinsic to the Loan Documents which might give rise to a defense against enforcement of any of the Loan Documents.

d. The conduct of the parties and their respective agents in connection with the Loan Documents and the transactions contemplated thereby has complied with any requirements of good faith, fair dealing, and conscionability.

e. The Collateral exists, and the Borrower has sufficient rights in the Collateral to grant a security interest therein under Section 9-203 of the New York UCC (defined below), the Missouri UCC (defined below) or the Delaware UCC (defined below), as applicable, and we express no opinion as to the nature or extent of the rights or title of the Borrower in and to any of the Collateral.

f. Each opinion recipient is without notice of any defense against enforcement of any rights created by, or any adverse claim to any property or security interest transferred or created as a part of or contemplated by, the Loan Documents.

g. The Financing Statement has been, or will be, properly filed and indexed in the Uniform Commercial Code records of the Secretary of State of Delaware.

h. The Securities Intermediary is a "securities intermediary" (as defined in § 8-102(a)(14) of the New York UCC) with respect to the Collateral which is the subject of the Control Agreement.

Based upon the foregoing, and subject to the assumptions, qualifications and limitations set forth herein, we are of the opinion that as of this date:

1. Borrower is a limited liability company validly existing and in good standing under the laws of the State of Delaware, Guarantor is a corporation validly existing and in good standing under the laws of the State of Missouri, and each Credit Party has the limited liability company or corporate (as applicable) power to own its properties and to carry on its business as presently conducted by it as described in the Guarantor's Form 10-K for the year ended April 30, 2008, as amended, or any of the Guarantor's subsequent filings with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

2. Each Credit Party has all requisite liability company or corporate (as applicable) power and authority to execute, deliver and perform its obligations under the Loan Documents to which it is a party and has taken all necessary limited liability company or corporate (as applicable) action to authorize the execution and delivery of, and the performance of its obligations under, the Loan Documents to which it is a party.

3. Each Credit Party has duly executed and delivered the Loan Documents to which it is a party and such Loan Documents constitute the legal, valid and binding agreements of such Credit Party, enforceable against such Credit Party in accordance with their respective terms.

4. The execution and delivery by each Credit Party of each Loan Document to which it is a party do not, and the performance of its obligations thereunder will not, (a) violate the Borrower's certificate of formation or Operating Agreement dated January 1, 2008 or the Guarantor's articles or certificate of incorporation or by-laws, as the case may be, (b) violate any applicable law, statute or regulation of the United States or the State of Missouri that we, based upon the scope of our representation of and our experience with such Credit Party, reasonably recognize as applicable to such Credit Party with respect to transactions of the type contemplated by the Loan Documents, (c) violate any order, writ, judgment, injunction, decree, determination or award binding upon such Credit Party of which we have knowledge of any court or other Governmental Authority, or (d) breach, constitute a default under, result in the acceleration of (or entitle any party to accelerate) the maturity of any obligation of a Credit Party under, or result in or require the creation of any lien upon or security interest in (other than pursuant to the Loan Documents) any of its property pursuant to the terms of, the Bank Revolvers, the other financing agreements and instruments and the BFC Program Contracts listed on Exhibit B attached hereto.

5. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority of the United States, the State of Missouri or the State of Delaware is required for the execution and delivery by a Credit Party, or the validity or enforceability against such Credit Party, of each Loan Document to which it is a party other than (i) such as have been obtained, made or given and are in full force in effect, (ii) the filing of financing

statements (including the Financing Statement) under the Uniform Commercial Code pursuant to the requirements of the Loan Documents and (iii) any authorization, approval, notice, filing or other action which is not a condition required to be satisfied on or before the Effective Date but is itself a future obligation of such Credit Party under a Loan Document.

6. To our knowledge, there is no suit, action or proceeding pending against either Credit Party before any court, governmental or regulatory authority, agency or commission, or board of arbitration or overtly threatened against either Credit Party in writing which (whether pending or threatened) challenges the legality, validity or enforceability of any Loan Document.

7. The Security Agreement is effective to create in favor of the Lender a valid security interest in all right, title and interest of the Borrower in the Collateral described in the Security Agreement to secure the Obligations. Assuming that the Financing Statement was filed in the office of the Secretary of State of Delaware (the "**Filing Office**"), the security interest of the Lender in the Collateral has been duly perfected in that portion of the Collateral in which a security interest may be perfected by the filing of a financing statement under the Delaware UCC. Without limiting the foregoing, the security interest of the Lender in the Securities Account has been perfected pursuant to the execution and delivery of the Control Agreement.

8. The making of the Loans and the application of the proceeds thereof as provided in the Credit Agreement do not violate Regulations T, U and X of the Board of Governors of the Federal Reserve Board.

9. The Borrower is not an "investment company" or a company "controlled by" an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

Our opinions set forth above are subject to the following additional qualifications and limitations:

A. The enforceability of each Loan Document is subject to the effect of applicable bankruptcy, insolvency, reorganization, receivership, arrangement, moratorium, assignment for the benefit of creditors and other similar laws affecting the rights and remedies of creditors. This qualification includes, without limitation, the avoidance, fraudulent transfer and preference provisions of the federal Bankruptcy Code of 1978 (11 U.S.C. §§ 101 *et seq.*), as amended, and the fraudulent transfer and conveyance laws of the State of Missouri, and we render no opinion that any transaction provided for in the Loan Documents would not be subject to avoidance or otherwise adversely affected under such provisions or laws.

B. The enforceability of each Loan Document is subject to the effect of principles of equity (including those respecting the availability of specific performance), whether considered

in a proceeding at law or in equity, and the limitations imposed by applicable procedural requirements of applicable state or federal law.

C. The enforceability of each Loan Document is subject to (1) the effect of generally applicable rules of law that limit or deny the enforceability of provisions (i) purporting to waive defenses or rights or the obligations of good faith, fair dealing, diligence and reasonableness; (ii) purporting to authorize a party to take discretionary independent actions for the account of, or as agent or attorney-in-fact for, a Credit Party under a Loan Document; or (iii) purporting to provide for the indemnification or exculpation of a party with respect to such party's intentional acts or gross negligence, with respect to securities law violations or to the extent that such provisions violate public policy considerations; and (2) the effect of generally applicable rules of law that may, where a portion of the contract may be unenforceable, limit the enforceability of the balance of the contract to circumstances in which the unenforceable portion is not an essential part of the transaction or contract.

D. We express no opinion as to the enforceability of (i) any contractual provision which either directly or indirectly limits or tends to limit the time in which any suit or action may be instituted by a party; (ii) any contractual provision which requires a party to execute and deliver additional agreements or instruments other than agreements or instruments which are limited in effect to effectuating the express terms of a Loan Document and do not expand or modify such terms; (iii) any waiver by a party of personal service of process or any consent of a party to service of process upon it in a manner that does not satisfy the requirements of applicable law; (iv) any waiver by a party of its right to a jury trial, (v) any provision of a Loan Document that purports to waive or modify the rules identified in Section 9-602 of the applicable Uniform Commercial Code; and (vi) any contractual provision which would have the effect of giving the Lender cumulative or duplicative remedies, to the extent such cumulative or duplicate remedies purport to or would have the effect of compensating the Lender in amounts in excess of the actual amount of the indebtedness owed to the Lender and other loss suffered by the Lender.

E. The enforceability of any right of set-off in any of the Loan Documents is subject to the effect of common law principles pertaining to set-off, such as mutuality of obligations, maturity of obligations, and the like.

F. The enforceability of a Loan Document which purports to be a guarantee of, or the grant of a lien or security interest for, the payment or performance of obligations of another person ("**guaranteed obligations**"), including, without limitation, the applicable provisions of the Credit Agreement, is subject to the effect of generally applicable rules of law that may discharge the guarantor or grantor of such lien or security interest to the extent that (i) action or inaction by the beneficiary of the guaranteed obligations impairs

the value of collateral securing guaranteed obligations to the detriment of such guarantor or grantor or (ii) the guaranteed obligations are materially modified.

G. With respect to the recovery of attorneys' fees under the Loan Documents, to the extent that the laws of the State of Missouri are applicable, the provisions of Mo. Rev. Stat. § 408.092 limit the right to recover attorneys' fees in connection with a "credit agreement" (as defined in Mo. Rev. Stat. § 432.045.1) and reads in pertinent part as follows:

Notwithstanding any other provision of law to the contrary, attorneys' fees are permitted to enforce a credit agreement provided the enforcing attorney is a licensed member of the Missouri Bar or is authorized to practice law in Missouri, and such fees meet one of the following requirements:

(1) Such fees are included in a written credit agreement, and are not otherwise prohibited by law; or

(2) Such fees do not exceed fifteen percent of the outstanding credit balance in default, provided such credit was extended by a for-profit business or credit union. ...

At the court's discretion, additional fees may be awarded to the attorney for the prevailing party.

A "credit agreement" is defined in Mo. Rev. Stat. § 432.045.1 as "an agreement to lend or forebear repayment of money, to otherwise extend credit, or to make other financial accommodation."

H. With respect to the enforceability of any contractual provision stating that the Credit Agreement or any of the other Loan Documents or the obligations, rights or remedies of the parties thereunder shall be governed by or construed or determined in accordance with the laws of the State of New York, we call your attention to the following: Missouri courts generally apply the rules of Section 187 of the Restatement (Second) of Conflicts of Law (1971) in deciding whether to give effect to the parties' choice of the state whose law will govern the interpretation of their contractual rights and duties. *State ex rel. Geil v. Corcoran*, 623 S.W.2d 557, 559 (Mo. Ct. App. 1981); *Davidson & Associates, Inc. v. Internet Gateway*, 334 F. Supp. 2d 1164, 1175 (E.D. Mo. 2004). Section 187 of the Restatement provides in pertinent part as follows:

(1) The law of the state chosen by the parties to govern their contractual rights and duties will be applied if the particular issue is one which the parties could have resolved by an explicit provision in their agreement directed to that issue.

(2) The law of the state chosen by the parties to govern their contractual rights and duties will be applied even if the particular issue is one which the parties could not have resolved by an explicit provision in their agreement directed to that issue unless either:

(a) the chosen state has no substantial relationship to the parties or the transaction and there is no other reasonable basis for the parties' choice, or

(b) application of the law of the chosen state would be contrary to a fundamental policy of a state which has a materially greater interest than the chosen state in the determination of the particular issue and which, under the rule of § 188 [of the Restatement], would be the state of the applicable law in the absence of an effective choice of law by the parties.

While the Missouri choice of law rules are, nevertheless, not entirely settled, we believe that a state or federal court sitting in the State of Missouri, properly presented with the question and properly applying the choice of law rules of the State of Missouri should honor the provisions of a Loan Document stating that, to the extent provided therein, the rights and duties of the parties thereto are to be governed by the laws of the State of New York (except as to matters of procedure which may be governed by the laws of the forum state) unless either (a) the State of New York has no substantial relationship to the parties to such Loan Document or the transactions contemplated by such Loan Document and there is no reasonable basis for such parties' choice or (b) application of the laws of the State of New York would be contrary to a fundamental policy of the State of Missouri and the State of Missouri has materially greater interest than the State of New York in the determination of the particular issue.

I. With respect to the enforceability of any contractual provision in the Credit Agreement or any other Loan Document whereby the parties submit to the jurisdiction of the federal and New York State courts located in the City or County of New York in connection with any suit, action or proceeding related to such agreement or any of the matters contemplated thereby, we call your attention to the following: Missouri courts generally follow the holding of the Missouri Supreme Court in *High Life Sales Co. v. Brown-Forman Corp.*, 823 S.W.2d 493 (Mo. 1992) that a forum selection clause in a contract should be enforced unless it is unfair or unreasonable to do so. *Id.* at 494. Factors considered by Missouri courts in determining the fairness of enforcing forum selection clauses include (1) whether a forum selection clause is a part of an adhesive contract (*i.e.*, "one in which the parties have unequal standing in terms of bargaining power (usually a large corporation versus an individual) and often involv[ing] take-it-or-leave-it provisions in printed form contracts", *id.* at 497), (2) whether the forum selection clause was neutral

and reciprocal (*Id.*) and (3) whether inclusion of the forum selection clause in the contract was the product of fraud or coercion (*Marano Enterprises v. Z-Teca Restaurants, L.P.*, 254 F.3d 753, 757 (8th Cir. 2001)). There are also Missouri cases which have found a forum selection clause to be unreasonable (*e.g.*, *High Life Sales*).

J. In addition to the other qualifications set forth in this opinion letter regarding the enforceability of a Loan Document under the laws of the State of Missouri, certain waivers, procedures, remedies and other provisions of any Loan Document covered by such opinion may be rendered unenforceable or limited by the laws, regulations or judicial decisions of the State of Missouri within the scope of this opinion letter, but such laws, regulations and judicial decisions would not render any of such Loan Documents invalid as a whole under the laws of the State of Missouri and would not make the remedies available under such Loan Documents inadequate for the practical realization of the principal rights and benefits purporting to be afforded thereby, except for the economic consequences of any judicial, administrative or other delay or procedure which may be imposed by applicable law.

K. With respect to our opinions regarding security interests set forth in opinion paragraph 7 above, we advise you that (i) any security interest in "proceeds" (as defined in the New York UCC, the Missouri UCC or the Delaware UCC, as applicable) of Collateral may be limited as to perfection and effectiveness to the extent provided in Section 9-315 of the New York UCC, the Missouri UCC or the Delaware UCC, as applicable; and (ii) the Lender's rights under the Loan Documents are subject to the rights of the following parties under circumstances described in the applicable sections of the New York UCC, the Missouri UCC or the Delaware UCC, as applicable, set forth below: (a) purchasers of chattel paper or instruments under the circumstances described in Section 9-330 or (b) holders in due course of negotiable instruments, holders to whom negotiable documents of title have been duly negotiated, or protected purchasers of securities, in each case, under the circumstances described in Section 9-331.

L. We note that in order to continue the perfection of the security interest in that portion of the Collateral which has been perfected by the filing of the Financing Statement under the Delaware UCC for more than five (5) years, a continuation statement must be filed as to such Financing Statement in the Filing Office within six (6) months prior to the expiration of each consecutive five-year period (with the first such period commencing on the date the Financing Statement was duly filed) and in all respects in compliance with Article 9, Part 5 of the Delaware UCC.

M. We call your attention to the fact that with respect to any security interest in Collateral perfected by the filing of the Financing Statement under the Delaware UCC, the Financing Statement will not be effective to perfect a security interest under the Delaware UCC in (i) any Collateral acquired by the Borrower more than four (4) months after it

changes it name so as to make the Financing Statement seriously misleading, unless a new appropriate financing statement indicating its new name is properly filed before the expiration of such four (4) months and (ii) any Collateral four (4) months after it changes its jurisdiction of organization (or if earlier, when perfection under the Delaware UCC would have ceased) unless such security interest is perfected in such new jurisdiction before that termination occurs.

N. We are expressing no opinion as to the priority of any lien or security interest created by the Loan Documents.

O. We call your attention that Section 552 of the federal Bankruptcy Code limits the extent to which property acquired by a debtor after the commencement of a case under the federal Bankruptcy Code may be subject to a security interest arising from a security agreement entered into by such debtor before the commencement of such case.

P. We do not express any opinion as to the attachment or perfection of a security interest in deposit accounts, letter-of-credit rights, money or commercial tort claims as those terms are defined in the New York UCC, the Missouri UCC or the Delaware UCC, as applicable.

Q. We express no opinion with respect to any laws, rules or regulations governing the issuance or sale of securities.

R. In connection with any matters confirmed by us with respect to the existence or absence of facts, conditions or circumstances, the words "to our knowledge", "of which we have knowledge", "known to us" and words of similar import mean that in the course of performing legal services on behalf of any Credit Party, we are without conscious awareness of facts or other information that such confirmed matters are untrue, and in preparing this opinion letter, we have not undertaken any independent verification of such confirmed matters beyond our recollection of legal services currently or previously performed by us for the Credit Parties, and have made no investigation or inquiry with any Credit Party or any other persons regarding such confirmed matters except as stated above in this opinion letter. For purposes of the preceding sentence, the terms "to our knowledge", "of which we have knowledge", "known to us" and similar phrases refer to the actual present knowledge of those lawyers of Stinson Morrison Hecker LLP who have devoted substantive attention to the matters relating to the Loan Documents and the other transactions of the Credit Parties occurring on the date hereof, and not to the knowledge of Stinson Morrison Hecker LLP as a firm or its partners or employees generally.

S. Our opinions set forth in this opinion letter are based upon the facts in existence and the laws in effect on the date hereof, and we expressly disclaim any obligation to update or

supplement our opinions in response to changes in the law becoming effective hereafter or future events or circumstances affecting the transactions contemplated by the Loan Documents.

Our opinions and statements expressed herein are restricted to matters governed by (a) the federal laws of the United States of America; (b) the laws of the State of Missouri, including, without limitation, the Uniform Commercial Code as in effect in the State of Missouri, Mo. Rev. Stat. §§ 400.1-101 *et seq*. (the "**Missouri UCC**"); (c) with respect to the opinions given as to the Borrower set forth in opinion paragraphs 1, 2, 3, 4(a) and 5, the Delaware Limited Liability Act, 6 Del. Code Ann. §§ 101 *et seq*.; (d) with respect to the opinions given as to the Borrower set forth in the first and third sentences of opinion paragraph 7, Article 9 of the Uniform Commercial Code as in effect in the State of New York, 38 New York Consol. Laws §§ 9-101 *et seq*. (the "**New York UCC**"); and (e) with respect to the opinions given as to the Borrower set forth in opinion paragraph 5 and the second sentence of opinion paragraph 7, Article 9 of the Uniform Commercial Code as in effect in the State of Delaware, 6 Del. Code Ann. §§ 9-101 *et seq*. (the "**Delaware UCC**"). Except as indicated in the preceding sentence, we express no opinion as to any matter rising under the laws of any other jurisdiction, including, without limitation, the statutes, ordinances, rules and regulations of counties, towns, municipalities and special political subdivisions of the State of Missouri. To the extent that any Reviewed Document is governed by or subject to the laws of any state or jurisdiction not specified above in this paragraph with respect to such opinion or confirmation, we have assumed that the laws of such state or jurisdiction (without regard to conflicts of laws principles) are substantively identical to the laws of the State of Missouri.

This opinion letter is solely for the benefit of the addressee hereof in connection with the execution and delivery of the Loan Documents and may not be relied upon for any other purpose or by any other person for any purpose, without in each instance our prior written consent. We understand that this opinion letter may be included in closing binders with respect to the transactions contemplated by the Loan Documents.

Very truly yours,

STINSON MORRISON HECKER LLP

EXHIBIT A

Financing Statement

[Attached]

EXHIBIT TO UCC-1 FINANCING STATEMENT

BLOCK FINANCIAL LLC, as Debtor ("Debtor")

HSBC FINANCE CORPORATION, as Secured Party ("Secured Party")

1. Collateral. The "Collateral" is all of Debtor's right, title and interest in the following property and interests in property, whether now owned or hereafter acquired by Debtor and wherever located (certain terms used in this paragraph 1 are defined in paragraph 2):

(a) the BFC Program Contracts, including (without limitation) the Participation Interests purchased by Debtor under the Participation Agreement, all rights of Debtor related to the HSBC RALs to which such Participation Interests relate, and all monies due and to become due in respect thereof; provided, that the Collateral shall not include the rights of Debtor, (i) under Section 4.1 of the Participation Agreement, to participate or not participate in subsequently originated HSBC RALs and to change the Applicable Percentage (as defined in the Participation Agreement) with respect thereto, (ii) under Section 4.4 of the Participation Agreement, to elect not to purchase a participation interest in certain groups of subsequently originated HSBC RALs; and (iii) under Section 4.8 of the Participation Agreement to sell, assign or transfer its right to purchase participation interests on subsequently originated HSBC RALs that are not financed by Secured Party;

(b) the Securities Account; and

(c) all proceeds, supporting obligations, income, benefits, substitutions, additions and replacements of and to any of the property described herein including, without limitation, all rights, claims and benefits against any Contract Obligor or other obligor obligated on any Collateral, and all related books, correspondence, files, records, invoices and other papers, including, without limitation, all computer runs, programs and files.

2. Definitions. In this Exhibit to Financing Statement, the following terms shall have the following meanings:

"BFC Program Contracts" means, collectively, the Indemnification Agreement, the Participation Agreement and the Servicing Agreement.

"Contract Obligor" means any obligor that is obligated to Debtor under a BFC Program Contract.

"HSBC RAL" means "HSBC RAL" as such term is defined in the Appendix of Defined Terms and Rules of Construction attached as Appendix A to Retail Settlement Products Distribution Agreement.

"HSBC TFS" means HSBC Taxpayer Financial Services, Inc., a Delaware corporation.

"Indemnification Agreement" means the HSBC Settlement Products Indemnification Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation, Beneficial Franchise Company Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.) and Debtor, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006, the Second Amendment to Program Contracts dated as of November 13, 2006, and the Third Amendment to Program Contracts dated as of December 5, 2008, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

"Participation Agreement" means the First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of November 13, 2006, as amended from time to time, and any restatement, extension, renewal and replacement thereof, by and among the Debtor, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association.

"Participation Interest" means a "Participation Interest" under and as defined in the Credit Agreement.

"Retail Settlement Products Distribution Agreement" means the HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Beneficial Franchise Company Inc., Household Tax Masters Acquisition Corporation, H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.), HSBC Finance Corporation and H&R Block, Inc., as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006, the Second Amendment to Program Contracts dated as of November 13, 2006, and the Third Amendment to Program Contracts dated as of December 5, 2008, by and among the parties thereto, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

"Securities Account" means account number 615878 maintained by Debtor with the Securities Intermediary, all cash balances, securities, instruments, financial assets and investment property at any time and from time to time credited to, received or receivable in respect of such account, and all securities entitlements and claims thereunder or in connection therewith.

"Securities Intermediary" means HSBC Investor Funds.

"Servicing Agreement" means the First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006, as amended from time to time, and any restatement, extension, renewal and replacement thereof, among HSBC Bank USA, National Association, HSBC TFS, HSBC Trust Company (Delaware), N.A., and Debtor.

"Uniform Commercial Code" means the Uniform Commercial Code as in effect from time to time in the State of New York; provided, however, if, by reason of mandatory provisions of law, the attachment, perfection or priority of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

The terms "financial asset", "instrument", "investment property", "proceeds", "security", "security entitlement", and "supporting obligation" shall have the respective meanings set forth in the Uniform Commercial Code.

EXHIBIT B

Financing Agreements and Instruments

1. Indenture dated October 20, 1997 among Block Financial LLC (the "**Company**"), H&R Block, Inc. (the "**Guarantor**") and Deutsche Bank Trust Company Americas (f/k/a Bankers Trust Company) (the "**First Trustee**"), together with:
    a. The First Supplemental Indenture dated as of April 18, 2000 among the Company, the Guarantor, the First Trustee and The Bank of New York, as separate trustee under the Indenture (the "**Second Trustee**").
    b. The Officers' Certificate of the Company dated October 26, 2004 establishing the terms of the Notes described in c. below.
    c. The Company's 5.125% Notes due 2014, which are guaranteed by the Guarantor pursuant to the guarantees endorsed on said Notes.
    d. The Officers' Certificate of the Company dated January 11, 2008 establishing the terms of the Notes described in e. below.
    e. The Company's 7.875% Notes due 2013, which are guaranteed by the Guarantor pursuant to the guarantees endorsed on said Notes.
2. The Amended and Restated Five-year Credit and Guarantee Agreement dated as of August 10, 2005 among the Company, the Guarantor, the financial institutions which are Lender parties thereto, and JP Morgan Chase Bank, N.A., as Administrative Agent (in such capacity, the "**Administrative Agent**"), as amended by the First Amendment dated as of November 28, 2006 among the Company, the Guarantor, the Lender parties and the Administrative Agent and the Second Amendment dated as of November 19, 2007 among the Company, the Guarantor, the Lender parties and the Administrative Agent.
3. The Five-Year Credit and Guarantee Agreement dated as of August 10, 2005 among the Company, the Guarantor, the financial institutions which are Lender parties thereto, and the Administrative Agent, as amended by the First Amendment dated as of November 28, 2006 among the Company, the Guarantor, the Lender parties and the Administrative Agent and the Second Amendment dated as of November 19, 2007 among the Company, the Guarantor, the Lender parties and the Administrative Agent.
4. The HSBC Retail Settlement Products Distribution Agreement, dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Beneficial Franchise Company Inc., Household Tax Masters Acquisition Corporation, H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax

Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.), HSBC Finance Corporation and the Guarantor, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006, the Second Amendment to Program Contracts dated as of November 13, 2006, and the Third Amendment to Program Contracts dated as of December 5, 2008 by and among the parties thereto, including, the Lender and the Guarantor, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

5. The First Amended and Restated HSBC Refund Anticipation Loan and IMA Participation Agreement, dated as of November 13, 2006, by and among the Borrower, HSBC Bank USA, National Association, HSBC TFS and HSBC Trust Company (Delaware), National Association, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

6. The First Amended and Restated HSBC Settlement Products Servicing Agreement dated as of November 13, 2006, among HSBC Bank USA, National Association, HSBC TFS, HSBC Trust Company (Delaware), N.A., and the Borrower, as amended from time to time, and any restatement, extension, renewal and replacement thereof.

7. The HSBC Settlement Products Indemnification Agreement dated as of September 23, 2005 among HSBC Bank USA, National Association, HSBC TFS, Household Tax Masters Acquisition Corporation, Beneficial Franchise Company Inc., H&R Block Services, Inc., H&R Block Tax Services, Inc., H&R Block Enterprises, Inc., H&R Block Eastern Enterprises, Inc., HRB Digital LLC (successor by merger to H&R Block Digital Tax Solutions, LLC), H&R Block and Associates, L.P. (now dissolved), HRB Innovations Inc. (formerly known as HRB Royalty, Inc.) and the Company, as amended by the Joinder and First Amendment to Program Contracts dated as of November 10, 2006, the Second Amendment to Program Contracts dated as of November 13, 2006, and the Third Amendment to Program Contracts dated as of December 5, 2008, and as further amended from time to time, and any restatement, extension, renewal and replacement thereof.

SEPARATION AND RELEASE AGREEMENT

This SEPARATION AND RELEASE AGREEMENT (the "Agreement") is entered into as of the 20th day of January, 2009, by and between RSM McGladrey Business Services, Inc., a Delaware corporation ("RSM"), and Steven Tait ("Executive").

WHEREAS, Executive and RSM are parties to an Employment Agreement dated April 1, 2003 (the "Employment Agreement"),

WHEREAS, Executive and RSM agree to terminate Executive's employment,

WHEREAS, Executive and RSM intend the terms and conditions of this Agreement to govern all issues related to Executive's employment and separation,

NOW, THEREFORE, in consideration of the covenants and mutual promises contained in this Agreement, Executive and RSM agree as follows:

1. Termination of Employment. The parties agree that Executive's employment with RSM will terminate on April 30, 2009 ("Termination Date"). Until the Termination Date, the Executive will remain on active payroll and be paid his current salary in accordance with RSM's regular payroll practices. Until the Termination Date, Executive agrees that he will continue to perform his current role, and will respond to questions and provide guidance as requested by RSM. On or after the Termination Date, Executive acknowledges and agrees that he will not represent himself as being an employee, officer, director, trustee, member, partner, agent, or representative of RSM for any purpose, and will not make any public statements on behalf of RSM. Executive further acknowledges and agrees that he has received proper notice under Section 1.07(b) of his Employment Agreement to terminate it.

2. Resignation. Executive agrees that as of the Termination Date, he resigns from all offices, directorships, trusteeships, committee memberships, and fiduciary capacities held with, or on behalf of, RSM or its parents, subsidiaries, or affiliates (collectively as "Affiliates"), or any benefit plans of RSM or its Affiliates. Executive will execute the resignations attached as Exhibit A on minute book paper contemporaneously with his execution of this Agreement.

3. Severance Benefits. The parties agree to treat Executive's termination of employment as a termination without "cause" and a "Qualifying Termination" (as defined in Section 1.07 of the Employment Agreement) for purposes of Executive's eligibility for severance compensation and benefits as set forth in this Section. Subject to the terms and conditions of this Agreement, including Executive's executing this Agreement and the Supplemental General Release, Executive acknowledges and agrees that he will not be eligible for any compensation or benefits after the Termination Date except for the following:

a. Severance Pay. Subject to the terms of the H&R Block Severance Plan ("Severance Plan"), RSM will pay to Executive $827,688.00, less required tax withholdings, (which amount represents an aggregate of (A) Executive's annual base

salary of $486,875.00 and (B) a severance enhancement equal to Executive's target short-term incentive compensation for RSM's fiscal year 2009 of $340,813.00, each determined as of the date of this Agreement) in a lump sum payment within 30 days from the later of the Termination Date or the Effective Date of this Agreement.

b. Short Term Incentive Bonus Payment. RSM will pay Executive a Short Term Incentive bonus for Fiscal Year 2009 in accordance with RSM's regular short term incentive process, and the terms and conditions of the short term incentive plan in which Executive currently participates. RSM will pay Executive the Short Term Incentive bonus due him at the time RSM pays other such bonuses.

c. Employee Benefits. Executive will remain eligible to participate in the various health and welfare benefit plans maintained by RSM until the Termination Date. After the Termination Date, RSM will pay Executive a lump sum payment, less applicable tax withholdings, in an amount equal to Executive's COBRA Subsidy multiplied by 12. COBRA Subsidy means an amount equal to Executive's monthly post-employment premium for health and welfare benefits under COBRA less the amount Executive paid for such benefits as an active employee. To be eligible for the payment described in this subsection, Executive must be enrolled in RSM's health and welfare plans on the Terminate Date. If Executive qualifies for this payment, RSM will pay Executive this payment within 30 days from the later of the Termination Date or the Effective Date of this Agreement. Conversion privileges may also be available for other benefit plans.

d. Stock Options. Those portions of any outstanding incentive stock options ("ISO Stock Options") and nonqualified stock options ("NQ Stock Options") to purchase shares of HRB's common stock granted to Executive by RSM that are scheduled to vest between the Termination Date and 18 months thereafter (based solely on the time-specific vesting schedule included in the applicable stock option agreement) shall vest and become exercisable as of the Termination Date. A list of the stock options vested as of the date of this Agreement and to become vested pursuant to this Section is attached as Exhibit B. Any stock options unaffected by the operation of this Section shall be forfeited to RSM on the Termination Date. No later than the Termination Date, Executive will complete an election form on which he will elect the time period during which he may exercise his ISO and NQ Stock Options. Executive acknowledges and agrees that he is solely responsible for the income tax treatment of his ISO and NQ Stock Options election, and that RSM has not provided him any personal tax advice about this election. RSM encourages Executive to seek independent tax advice regarding this election.

e. Restricted Shares. All restrictions on any shares of HRB's common stock awarded to Executive by RSM ("Restricted Shares") that would have lapsed absent a termination of employment in accordance with their terms by reason of time between the Termination Date and 18 months thereafter shall terminate (and shall be fully vested) as of the Termination Date. Any shares unaffected by the operation of this Section shall be forfeited to RSM on the Termination Date. A list of the Restricted Shares outstanding as of the date of this Agreement and to become vested pursuant to this Section is attached as Exhibit C.

f. Performance Shares. The number of performance shares Executive will receive at the end of the performance period (June 30, 2009) of those awarded him under the June 30, 2006 grant will be determined based upon (1) Executive's pro-rata length of service during the performance period, and (2) the achievement of the performance goals at the end of the performance period. RSM will pay any performance shares due Executive to him at the time payments are generally made to other individuals who received an award of performance shares on June 30, 2006. On the Termination Date, Executive shall forfeit to RSM any Performance Shares RSM awarded him pursuant to a cycle which is less than one year old. A list of the Performance Shares eligible to become payable pursuant to this subsection is attached as Exhibit D.

g. Outplacement Services. RSM will pay directly to Right Management Services for twelve (12) months of outplacement services to be provided to Executive.

h. Deferred Compensation. Executive will receive his vested account balance and payment in accordance with Executive's payment elections under the H&R Block Deferred Compensation Plan for Executives, as amended.

i. Forfeiture. Executive agrees that the compensation and benefits described in this Section will cease and no further compensation and benefits will be provided to him if he violates any of the post-employment obligations under Section 7 of this Agreement, or Articles Two and Three of the Employment Agreement.

4. Vacation. RSM will pay Executive for his accrued, unused paid time off which includes vacation, floating holidays, and personal days (but excludes sick leave as set forth in the Company's policies) within 21 days of the Termination Date. Executive will not receive any other payment for vacation or holidays.

5. Executive's Representations. Executive represents and acknowledges to RSM that (a) RSM has advised him to consult with an attorney of his choosing; (b) he has had twenty-one (21) days to consider the waiver of his rights under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") prior to signing this Agreement; (c) he has disclosed to RSM any information in his possession concerning any conduct involving RSM or its Affiliates that he has any reason to believe involves any false claims to any governmental agency, or is or may be unlawful, or violates RSM policy in any respect; (d) the consideration provided him under this Agreement is sufficient to support the releases provided by him under this Agreement; and (e) he has not filed any charges, claims or lawsuits against RSM involving any aspect of his employment which have not been terminated as of the date of this Agreement. Executive understands that RSM regards the representations made by him as material and that RSM is relying on these representations in entering into this Agreement.

6. Effective Date of this Agreement. Executive shall have seven (7) days from the date he signs this Agreement to revoke his consent to the waiver of his rights under the ADEA in writing addressed and delivered to Russ Smyth, Chief Executive Officer, which action shall revoke this Agreement. If Executive revokes this Agreement, all of its provisions shall be void and unenforceable. If Executive does not revoke his consent, this Agreement will take effect on the day after the end of this revocation period (the "Effective Date").

7. Surviving Employment Agreement Obligations. Executive and RSM agree that the termination of Executive's employment will not affect the following provisions of the Employment Agreement which, by their express terms, impose continuing obligations on one or more of the parties following termination of the Employment Agreement: (a) Article Two, "Confidentiality" — Sections 2.01, 2.02; (b) Article Three, "Non-Hiring; Non-Solicitation; No Conflicts; Non-Competition" — Sections 3.01, 3.02, 3.03, 3.05, 3.06; and (c) Article Four, "Specific Performance" — Section 4.03. Executive acknowledges and agrees that he will fully comply with these obligations. RSM may agree to waive any of Executive's surviving post-employment obligations under the Employment Agreement. Any such waiver must be in writing and signed by Executive and the Chief Executive Officer of HRB. Unless otherwise agreed by the parties in writing, any payments made to Executive under this Agreement will immediately cease upon any such waiver.

8. Business Expenses and Commitments. As of the Termination Date, Executive agrees that he will have submitted required documentation for all outstanding expenses on his corporate credit card. Executive further agrees that he will not initiate, make, renew, confirm or ratify any contracts or commitments for or on behalf of HRB, RSM, or any Affiliate, nor will he incur any expenses on behalf of HRB, RSM, or any Affiliate without RSM's prior written consent.

9. Release. Executive and his heirs, assigns, and agents forever release, waive, and discharge HRB, RSM, and Released Parties as defined below from each and every claim, action, or right of any sort, known or unknown, arising on or before the Effective Date.

a. The foregoing release includes, but is not limited to, (1) any claim of retaliation or discrimination on the basis of race, sex, pregnancy, religion, marital status, sexual orientation, national origin, handicap or disability, age, veteran status, special disabled veteran status, or citizenship status or any other category protected by law; (2) any other claim based on a statutory prohibition or requirement such as the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Missouri Human Rights Act, the Missouri Service Letter Statute, and the Civil Rights Ordinance of Kansas City, Missouri; (3) any claim arising out of or related to an express or implied employment contract, any other contract affecting terms and conditions of employment, or a covenant of good faith and fair dealing; (4) any tort claims such as wrongful discharge, detrimental reliance, defamation, emotional distress, or compensatory or punitive damages; (5) any personal gain with respect to any claim arising under the qui tam provisions of the False Claims Act, 31 U.S.C. 3730, and (6) any claims to attorney fees, expenses, costs, disbursements, and the like.

b. Executive represents that he understands the foregoing release, that rights and claims under the Age Discrimination in Employment Act of 1967, as amended, are among the rights and claims against the Released Parties he is releasing, and that he understands that he is not releasing any rights or claims arising after the Effective Date.

c. Executive further agrees never to sue the Released Parties or cause the Released Parties to be sued regarding any matter within the scope of the above release. If Executive violates this release by suing the Released Parties or causing the Released Parties to be sued,

Executive agrees to pay all costs and expenses of defending against the suit incurred by the Released Parties, including reasonable attorneys' fees except to the extent that paying such costs and expenses is prohibited by law or would result in the invalidation of the foregoing release.

d. "Released Parties" for purposes of this Agreement are HRB, RSM, all current and former parents, subsidiaries, related companies, partnerships or joint ventures, and, with respect to each of them, their predecessors and successors; and, with respect to each such entity, all of its past, present, and future employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors.

10. Breach by Executive. RSM's obligations to Executive after the Effective Date are contingent on his obligations under this Agreement. Any material breach of this Agreement by Executive will result in the immediate cancellation of RSM's obligations under this Agreement and of any benefits that have been granted to Executive by the terms of this Agreement except to the extent that such cancellation is prohibited by law or would result in the invalidation of the foregoing release.

11. Executive Availability. Executive agrees to make himself reasonably available to HRB and/or RSM to respond to requests by HRB and/or RSM for information pertaining to or relating to the Company and/or its Affiliates, agents, officers, directors or employees. Executive will cooperate fully with HRB and/or RSM in connection with any and all existing or future litigation or investigations brought by or against HRB, RSM, or any of its Affiliates, agents, officers, directors or employees, whether administrative, civil or criminal in nature, in which and to the extent HRB and/or RSM deems Executive's cooperation necessary. RSM will reimburse Executive for reasonable out-of pocket expenses incurred as a result of such cooperation. Nothing herein shall prevent the Employee from communicating with or participating in any government investigation.

12. Non-Disparagement. Executive agrees, subject to any obligations he may have under applicable law, that he will not make or cause to be made any statements that disparage, are inimical to, or damage the reputation of HRB, RSM, or any of its Affiliates, agents, officers, directors, or employees. In the event such a communication is made to anyone, including but not limited to the media, public interest groups and publishing companies, it will be considered a material breach of the terms of this Agreement and Executive will be required to reimburse RSM for any and all compensation and benefits (other than those already vested) paid under the terms of this Agreement and all commitments to make additional payments to Executive will be null and void.

13. Return of Company Property. Executive agrees that as of the Termination Date he will have returned to HRB and/or RSM any and all HRB and/or RSM property or equipment in his possession, including but not limited to, any computer, printer, fax, phone, credit card, badge, Blackberry, and telephone card assigned to him.

14. Severability of Provisions. In the event that any provision in this Agreement is determined to be legally invalid or unenforceable by any court of competent jurisdiction, and cannot be modified to be enforceable, the affected provision shall be stricken from the Agreement, and the remaining terms of the Agreement and its enforceability shall remain unaffected.

15. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties and may be changed only with the written consent of both parties and only if both parties make express reference to this Agreement. The parties have not relied on any oral statements that are not included in this Agreement. This Agreement supersedes all prior agreements and understandings concerning the subject matter of this Agreement. Any modifications to this Agreement must be in writing and signed by Executive and the Chief Executive Officer of HRB. Failure of RSM to insist upon strict compliance with any of the terms, covenants, or conditions of this Agreement will not be deemed a waiver of such terms, covenants, or conditions.

16. Applicable Law. This Agreement shall be construed, interpreted, and applied in accordance with the law of the State of Missouri.

17. Successors and Assigns. This Agreement and each of its provisions will be binding upon Executive and his executors, successors, and administrators, and will inure to the benefit of RSM and its successors and assigns. Executive may not assign or transfer to others the obligation to perform his duties hereunder.

18. Specific Performance by Executive. The parties acknowledge that money damages alone will not adequately compensate RSM for Executive breach of any of the covenants and agreements herein and, therefore, in the event of the breach or threatened breach of any such covenant or agreement by Executive, in addition to all other remedies available at law, in equity or otherwise, RSM will be entitled to injunctive relief compelling Executive's specific performance of (or other compliance with) the terms hereof.

19. Counterparts. This Agreement may be signed in counterparts and delivered by facsimile transmission confirmed promptly thereafter by actual delivery of executed counterparts.

20. Supplemental Release. Executive agrees that within 21 days after the Termination Date, he will execute an additional release covering the period from the Effective Date to the Termination Date. Executive agrees that all RSM covenants that relate to its obligations beyond the last day of employment will be contingent on Executive's execution of the supplemental release. The supplemental release will be in the form of Exhibit E to this Agreement.

21. Section 409A. Because the requirements of Section 409A of the Internal Revenue Code are still being developed and interpreted by government agencies, certain issues under Section 409A remain unclear as of the Effective Date. RSM has made a good faith effort to comply with current guidance under Section 409A. Notwithstanding the foregoing or any provision in this Agreement to the contrary, RSM does not warrant or promise compliance with Section 409A, and Executive understands and agrees that he shall not have any claim against

HRB, RSM, or any Affiliate for any good faith effort taken by them to comply with Section 409A.

EXECUTIVE:

/s/ Steven Tait
Steven Tait

Dated: January 20, 2009

Accepted and Agreed:

RSM MCGLADREY BUSINESS SERVICES, INC.

By: /s/ Russell P. Smyth
Russell P. Smyth
Chairman of the Board

Dated: January 20, 2009

EXHIBIT A

RESIGNATION

TO: The Board of Directors of RSM McGladrey Business Services, Inc.:

Effective April 30, 2009, I hereby resign my position from the following companies as follows:

Business Entity	Title
Cityfront, Inc.	President
RSM Employer Services Agency of Florida, Inc.	Director
RSM Employer Services Agency of Florida, Inc.	President
RSM Employer Services Agency, Inc.	Director
RSM Employer Services Agency, Inc.	President
RSM EquiCo, Inc.	Executive Vice President
RSM EquiCo, Inc.	Director
RSM McGladrey Business Services, Inc.	Director
RSM McGladrey Business Services, Inc.	President
RSM McGladrey Business Solutions, Inc.	Director
RSM McGladrey Business Solutions, Inc.	President
RSM McGladrey Employer Services, Inc.	Director
RSM McGladrey Employer Services, Inc.	President
RSM McGladrey Insurance Services, Inc.	Director
RSM McGladrey Insurance Services, Inc.	President
RSM McGladrey TBS, LLC	President
RSM McGladrey, Inc.	Director
RSM McGladrey, Inc.	President

Dated: _____ _____

Steven Tait

EXHIBIT B

STOCK OPTION SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
4/1/2003	$21.425	100,000	100,000	0
6/30/2004	$23.84	70,000	70,000	0
6/30/2005	$29.175	100,000	100,000	0
6/30/2006	$23.86	100,000	66,666	33,334
6/30/2007	$23.37	80,000	26,666	53,334
7/3/2008	$21.81	115,681	0	77,120
		Total	363,332	163,788

EXHIBIT C

RESTRICTED SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated

No Accelerated Vesting

EXHIBIT D

PERFORMANCE SHARES SUMMARY

Grant Date	Grant Price	Outstanding	Vested	Accelerated
6/30/2006	$0.00	10,000		*
6/30/2007	$0.00	15,000		*

* The number of shares actually awarded will be determined at the end of the applicable 3-year performance cycle based upon actual performance results. Award will be prorated based upon the number of days worked by Executive during the applicable three year performance cycle.

EXHIBIT E

SUPPLEMENTAL GENERAL RELEASE

This Supplemental General Release is delivered by Steven Tait ("Executive") to and for the benefit of the Released Parties (as defined below). The Executive acknowledges that this Supplemental General Release is executed in accordance with Section 20 of the Separation Agreement and Release between the parties.

1. General Release. Executive and his heirs, assigns, and agents forever release, waive, and discharge HRB, RSM, and Released Parties as defined below from each and every claim, action, or right of any sort, known or unknown, arising on or before the Effective Date.

a. The foregoing release includes, but is not limited to, (1) any claim of retaliation or discrimination on the basis of race, sex, pregnancy, religion, marital status, sexual orientation, national origin, handicap or disability, age, veteran status, special disabled veteran status, or citizenship status or any other category protected by law; (2) any other claim based on a statutory prohibition or requirement such as the Age Discrimination in Employment Act, Title VII of the Civil Rights Act, the Americans With Disabilities Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, the Missouri Human Rights Act, the Missouri Service Letter Statute, and the Civil Rights Ordinance of Kansas City, Missouri; (3) any claim arising out of or related to an express or implied employment contract, any other contract affecting terms and conditions of employment, or a covenant of good faith and fair dealing; (4) any tort claims such as wrongful discharge, detrimental reliance, defamation, emotional distress, or compensatory or punitive damages; (5) any personal gain with respect to any claim arising under the qui tam provisions of the False Claims Act, 31 U.S.C. 3730, and (6) any claims to attorney fees, expenses, costs, disbursements, and the like.

b. Executive represents that he understands the foregoing release, that rights and claims under the Age Discrimination in Employment Act of 1967, as amended, are among the rights and claims against the Released Parties he is releasing, and that he understands that he is not releasing any rights or claims arising after the Effective Date.

c. Executive further agrees never to sue the Released Parties or cause the Released Parties to be sued regarding any matter within the scope of the above release. If Executive violates this release by suing any of the Released Parties or causing any of the Released Parties to be sued, Executive agrees to pay all costs and expenses of defending against the suit incurred by any of the Released Parties, including reasonable attorneys' fees except to the extent that paying such costs and expenses is prohibited by law or would result in the invalidation of the foregoing release.

d. "Released Parties" for purposes of this Agreement are HRB, RSM, all current and former parents, subsidiaries, related companies, partnerships or joint ventures, and, with respect to each of them, their predecessors and successors; and, with respect to each

such entity, all of its past, present, and future employees, officers, directors, stockholders, owners, representatives, assigns, attorneys, agents, insurers, employee benefit programs (and the trustees, administrators, fiduciaries and insurers of such programs), and any other person acting by, through, under or in concert with any of the persons or entities listed in this paragraph, and their successors.

2. No Existing Suit. Executive represents and warrants that, as of the Effective Date of this Supplemental General Release, he has not filed or commenced any suit, claim, charge, complaint, or other legal proceeding of any kind against the Released Parties. The Executive acknowledges that this Supplemental General Release does not prohibit him from filing a charge of discrimination with the Equal Employment Opportunity Commission.

3. Knowing and Voluntary Waiver. By signing this Supplemental General Release ("Release"), Executive expressly acknowledges and agrees (a) RSM has advised him to consult with an attorney of his choosing; (b) he has had twenty-one (21) days to consider the waiver of his rights under the Age Discrimination in Employment Act of 1967, as amended ("ADEA") prior to signing this Agreement; (c) he has carefully read this Release and know what it means; (d) the consideration provided him under this Release is sufficient to support the releases provided by him under this Release; and (e) Executive shall have seven (7) days from the date he signs this Release to revoke his consent to the waiver of his rights under the ADEA in writing addressed and delivered to Russ Smyth, HRB Chief Executive Officer, which action shall revoke this Release. If Executive revokes this Release, he agrees that he will not be entitled to receive any of the payments or benefits under Section 2 of the Separation Agreement. If Executive does not revoke his consent, this Agreement will take effect on the day after the end of this revocation period (the "Effective Date").

EXECUTIVE

_____

Steven Tait

DATE: _____

H&R BLOCK, INC.
DEFERRED COMPENSATION PLAN FOR EXECUTIVES
(Amended and Restated Effective December 31, 2008)

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) **Changes.** 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.

Notwithstanding this Section 3.2(b) allocations made to the Company Stock Fund shall be limited to 25% of the Participant's entire Account Balance and shall be irrevocable.

(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).

7.6 **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, Russell P. Smyth, 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: March 6, 2009

/s/ Russell P. Smyth
Russell P. Smyth
Chief Executive Officer
H&R Block, Inc.

Exhibit 31.2

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

I, Becky S. Shulman, 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: March 6, 2009

/s/ Becky S. Shulman
Becky S. Shulman
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 period ending January 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Russell P. Smyth, 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/ Russell P. Smyth
Russell P. Smyth
Chief Executive Officer
H&R Block, Inc.
March 6, 2009

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 period ending January 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Becky S. Shulman, 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/ Becky S. Shulman
Becky S. Shulman
Chief Financial Officer
H&R Block, Inc.
March 6, 2009