

H&R Block Exploring Strategic Alternatives for H&R Block Bank

October 10, 2012 8:32 AM ET

Oct 10, 2012 (Marketwire via COMTEX) --H&R Block, Inc. (NYSE: HRB)

- Company is utilizing Goldman, Sachs & Co. to advise on strategic alternatives for H&R Block Bank
- Company's existing offering of financial products and related services will remain in fiscal 2013; financial products and related services remain key part of company's strategy
- Company expects no material impact on fiscal 2013 earnings, strategy or execution

In a regulatory filing yesterday with the Securities and Exchange Commission, H&R Block, Inc. (NYSE: HRB) announced it is exploring strategic alternatives for H&R Block Bank that could result in H&R Block, Inc. no longer being regulated by the Federal Reserve as a savings and loan holding company. In June 2012, the Federal Reserve announced proposed rules that would impose higher capital requirements on savings and loan holding companies such as H&R Block, Inc. The Federal Reserve proposed the rules in order to implement changes required by the Dodd-Frank Act.

"Evaluating strategic alternatives for H&R Block Bank demonstrates management's continued commitment to deliver on a shareholder-friendly capital allocation strategy," said Bill Cobb, H&R Block's President and Chief Executive Officer.

These proposed capital requirements, if enacted, would require H&R Block, Inc. to retain significant additional capital. The company believes the regulatory constraints that would result from these proposed rules and the manner in which the company believes they will be implemented are inconsistent with its strategic plans, operational needs, and growth objectives. In light of this, the company is utilizing Goldman, Sachs & Co. (Goldman Sachs) to explore strategic alternatives for H&R Block Bank that could result in H&R Block, Inc. ceasing to be regulated by the Federal Reserve as a savings and loan holding company.

"We are a tax preparation company that offers financial products and related services as an added value to our clients, but operating within the regulatory constraints of these proposed rules would be cumbersome," added Cobb. "At this point, we're working with Goldman Sachs on a number of alternatives to find the best long-term solution for our company and the implementation of our financial services strategy. We will have the ability to offer existing financial products and related services to our clients in fiscal 2013 and we do not expect this to materially impact our fiscal 2013 earnings or our ability to execute against our strategy in the upcoming tax season."

About H&R Block

H&R Block, Inc. (NYSE: HRB) is the world's largest tax services provider, having prepared more than 600 million tax returns worldwide since 1955. In fiscal 2012, H&R Block had annual revenues of \$2.9 billion and prepared 25.6 million tax returns worldwide. Tax return preparation services are provided in [company-owned](#) and [franchise](#) retail tax offices by nearly 100,000 professional tax preparers, and through H&R Block At Home™ digital products. H&R Block Bank provides affordable banking products and services. For more information, visit the [H&R Block Online Press Center](#).

Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "could" or "may" or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, income, earnings per share, capital expenditures, dividends, liquidity, capital structure or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the Company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ

materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond the Company's control and which are described in our Annual Report on Form 10-K for the fiscal year ended April 30, 2012 in the section entitled "Risk Factors," as well as additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

For Further Information

Investor Relations:

Derek Drysdale

(816) 854-4513

Email Contact

Media Relations:

Gene King

(816) 854-4672

Email Contact