Safe Harbor Statement

This presentation and various comments made in connection with it include certain estimates, projections and other forward-looking statements. The words “will,” “plan,” “estimate,” “approximate,” “project,” “intend,” “remain,” “expect,” “believe,” and variations thereof and similar expressions are intended to identify forward-looking statements. These statements speak only as of the date on which they are made and are not guarantees of future performance. Actual results may differ materially from those expressed, implied or forecast in the forward-looking statements. Some factors that could cause actual results to differ include:

- Uncertainties regarding the Company’s ability to attract and retain clients and meet its prepared return targets
- Uncertainties and potential contingent liabilities arising from our former mortgage loan origination and servicing business
- Uncertainties in the residential mortgage market and its impact on loan loss provisions
- Uncertainties pertaining to the commercial debt market
- Competitive factors
- The Company's effective income tax rate
- Litigation defense expenses and costs of judgments or settlements
- Uncertainties regarding the level of share repurchases
- Changes in market, economic, political or regulatory conditions
- Other risks described from time to time in H&R Block’s press releases and Forms 10-K, Forms 10-Q, Forms 8-K and other filings with the Securities and Exchange Commission

H&R Block undertakes no obligation to publicly release any revisions to forward-looking statements to reflect events or expectations after the date of the presentation. H&R Block provides a detailed discussion of risk factors in periodic SEC filings and you are encouraged to review these filings.
Q2 Results

- Net loss from continuing ops of $0.41
  - Adjusted non-GAAP loss from continuing ops of $0.38 per share; essentially flat to prior year

- Disposing of non-core assets (RSM / ExpressTax) to refocus on core tax business
  - Led to one-time charges over the past two quarters
  - Better positioned for long-term growth in market share and margins
Recent Developments

RSM McGladrey:
- Transaction closed Nov. 30
- Final terms consistent with those previously announced

Wal-Mart:
- Partnership with largest retailer in the U.S.
  - 300 offices in FY12; look to grow partnership in the future
  - No material impact to FY12 results
Increased third-party activity in 2Q led to $20 mm pretax provision

SCC will review claims on a loan-by-loan basis, paying only valid claims

No change in how we view exposure

SCC is a separate legal entity; believe legal position is very strong

Recent activity does not change how we view capital allocation
  - Repurchased 4.3% of outstanding shares at $13.61 per share
  - Committed to returning value to shareholders through dividends and share repurchases
Financial Results

- Loss from continuing ops of $0.41
- Adjusted loss from continuing ops of $115 mm or $0.38
  - Essentially flat to adjusted loss in prior year

Tax Services

- Revenue up 9% to $121 mm led by results in Australia
- Pretax loss of $174 mm vs. $154 mm in prior year
  - Discontinuation of ExpressTax: ~$9 mm pretax charge
  - Increased litigation costs: $8 mm pretax charge
Discontinued Operations

Sale of RSM McGladrey (“RSM”):

- Total proceeds of ~$575 mm

  - $487 mm cash (includes $12 mm on RSM’s closing balance sheet)
  - $54 mm note financed by HRB
  - $34 mm of additional cash expected by calendar year-end
  - ~$35 mm of cash transferred to HRB prior to closing
  - Sale triggers distribution of ~$80 mm to RSM employees who were participants in a HRB sponsored deferred comp plan

Q2 Results:

- Net loss* of $19 mm vs. net income of $2 mm in prior year
  - $20 mm pretax provision at SCC

*Q2 discontinued operations results include Sand Canyon & RSM McGladrey
SCC did not guarantee loan performance

Obligations pertain to valid breaches of reps and warranties, demonstrating non-compliance with stated underwriting guidelines
  • Claims reviewed on a loan-by-loan basis

SCC’s sub-prime underwriting guidelines were typically broader than prime originations (e.g. stated income loans)
Parties asserting claims must demonstrate causation
  • Must be a breach and that breach must materially and adversely effect the interest of an investor
  • Difficult to demonstrate validity and the direct adverse effect caused

Since May 2008, SCC has reviewed claims on ~4,000 loans totaling $772 mm in principal
  • 85% of reviewed claims invalid
  • $70 million of losses from valid claims
$61 mm of claims reviewed resulting in a $3 mm loss

New claims of $483 mm received in Q2
  • $385 mm from private label securitization trustees on behalf of bondholders
  • $84 mm from monoline insurers
  • $14 mm from mortgage insurance rescissions or other parties
  • All claims are 2006/07 vintages

SCC generally has 60 - 120 days to respond to claims
  • $537 mm of claims remain subject to review at 10/31
Recent activity does not change view on ultimate exposure

- 90% of claims come from 06-07 vintages
- Valid claims relate primarily to loans defaulting within 24 months
- ~$9B of loans defaulted within 24 months

Default does not imply that a breach of rep and warranty occurred

- Bondholders and other participants understood and assumed the risk for credit loss
- Believe significant portion of losses in SCC originated loans are due to macro-economic factors (home value decline, unemployment, etc)
## SCC R&W Accrual Roll-Forward

<table>
<thead>
<tr>
<th></th>
<th>Fiscal Year 2012</th>
<th>Fiscal Year 2011</th>
<th>Fiscal Year 2010</th>
<th>Fiscal Year 2009</th>
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<tr>
<td><strong>Beginning balance</strong></td>
<td>$ 126</td>
<td>$ 188</td>
<td>$ 207</td>
<td>$ 243</td>
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<td><strong>Provision</strong></td>
<td>20</td>
<td>--</td>
<td>--</td>
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</tr>
<tr>
<td><strong>Losses from loan repurchases and indemnifications</strong></td>
<td>(3)</td>
<td>(12)</td>
<td>(19)</td>
<td>(36)</td>
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<tr>
<td><strong>Payments under indemnity agreement dated April 2008</strong></td>
<td>--</td>
<td>(50)</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td><strong>Ending balance</strong></td>
<td>$ 143</td>
<td>$ 126</td>
<td>$ 188</td>
<td>$ 207</td>
</tr>
</tbody>
</table>
Corporate Separateness

- Since 1997, SCC has operated completely separate from HRB
- No dividends paid to HRB
- No case to date in which HRB was held liable for the acts of SCC
- No reason to believe a court would disregard the legal separateness of SCC and HRB or the interests of HRB’s shareholders and creditors
Appendix
### SCC Claims by Origination Year

- **$1.3B in asserted claims since May 2008**
- **SCC has reviewed claims on $772 mm in principal; valid claims incurred $70 mm of losses**
- **Substantially all asserted claims in past 12 months are from 2006/07 vintages**

#### Original Principal Balance*

<table>
<thead>
<tr>
<th></th>
<th>Q1 09</th>
<th>Q2 09</th>
<th>Q3 09</th>
<th>Q4 09</th>
<th>Q1 10</th>
<th>Q2 10</th>
<th>Q3 10</th>
<th>Q4 10</th>
<th>Q1 11</th>
<th>Q2 11</th>
<th>Q3 11</th>
<th>Q4 11</th>
<th>Q1 12</th>
<th>Q2 12</th>
<th>Total Claims</th>
<th>%</th>
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<tr>
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<td>$-</td>
<td>$1</td>
<td>$0</td>
<td>$0</td>
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<td>7%</td>
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<tr>
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<td>$50</td>
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<tr>
<td>2007</td>
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<td>$85</td>
<td>$15</td>
<td>$4</td>
<td>$11</td>
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<td>$5</td>
<td>$4</td>
<td>$4</td>
<td>$2</td>
<td>$353</td>
<td>$546</td>
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<tr>
<td>Total Claims</td>
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<td>$41</td>
<td>$197</td>
<td>$22</td>
<td>$6</td>
<td>$83</td>
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<td>$33</td>
<td>$55</td>
<td>$31</td>
<td>$483</td>
<td>$1,309</td>
<td>100%</td>
</tr>
</tbody>
</table>

* Excludes loans sold with servicing released where current loan status information is unavailable