

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

FORM 8-K

CURRENT REPORT

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

Date of Report (date of earliest event reported): December 21, 2005

H&R BLOCK, INC.

(Exact name of registrant as specified in charter)

Missouri
(State of Incorporation)

1-6089
(Commission File Number)

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

4400 Main Street, Kansas City, MO 64111
(Address of Principal Executive Offices) (Zip Code)

(816) 753-6900
(Registrant's telephone number, including area code)

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

Item 1.01 Entry into a Material Definitive Agreement

On December 21, 2005, H&R Block, Inc. (the “Company”) entered into a settlement agreement regarding litigation entitled *Deadra D. Cummins, et al. v. H&R Block, Inc. et al.*; *Mitchell v. H&R Block, Inc. et al.*; *Green v. H&R Block, Inc. et al.*; and *Becker v. H&R Block, Inc.* (the “Settlement Agreement”). The litigation covered by the Settlement Agreement pertains to the Company’s refund anticipation loan (“RAL”) programs as reported in previous current reports on Form 8-K, quarterly reports on Form 10-Q and annual reports on Form 10-K.

The parties to the Settlement Agreement include (i) Deadra D. Cummins, Ivan and LaDonna Bell, Levon Mitchell, Geral Mitchell, Joyce Green, Lynn Becker, Justin Sevey, Maryanne Hoekman and Renea Griffith, on behalf of themselves individually and their respective settlement classes; and (ii) the Company, H&R Block Services, Inc., H&R Block Tax Services, Inc., Block Financial Corporation, HRB Royalty, Inc. and H&R Block Eastern Enterprises, Inc. (collectively, the “Block Parties”).

Pursuant to the Settlement Agreement’s terms, the Block Parties will contribute a total of up to \$62.5 million in cash for purposes of making payments to the settlement class, paying all attorneys’ fees and costs to class counsel, and covering service awards to the representative plaintiffs. In addition, the Block Parties will pay the costs of providing notice of the settlement to all settlement class members.

The Settlement Agreement provides for the settlement class members in the above cases and in 22 states and the District of Columbia (“Remaining Settlement Jurisdictions”) to release claims against the Block Parties pertaining to RAL transactions or tax preparation or other services provided in connection with a RAL transaction. The periods covered by this release are as follows:

<i>Cummins</i>	January 1, 1994 through December 21, 2005
<i>Becker</i>	January 1, 2000 through December 21, 2005
<i>Green</i>	January 1, 1992 through December 31, 1996
<i>Mitchell</i>	June 13, 1989 through December 31, 1996
Remaining Settlement Jurisdictions	January 1, 2000 through December 21, 2005

The settlement class consists of all persons in the applicable jurisdictions who during the applicable periods applied for and obtained a RAL advertised, marketed or offered by or through any lender through any H&R Block office.

The Settlement Agreement also specifies for the Block Companies to follow certain agreed-upon business practices, procedures, disclosures and forms for use in making RALs (“Agreed RAL Procedures”). So long as the Block Companies do not knowingly and materially fail to conform with the Agreed RAL Procedures, the Settlement Agreement provides for an additional prospective release of the Block Parties (the “Prospective Release”) pertaining to RAL transactions occurring from the date of the Settlement Agreement through two years following court approval of the settlement (the “Release Time Period”). If at the end of the Release Time Period the applicable Block Companies have not registered as a credit service organization in a jurisdiction covered by the settlement and that jurisdiction has a credit service organization

statute that applies to a Block Company, the Prospective Release becomes null and void in such jurisdiction but will remain effective in all others.

The Settlement Agreement is contingent upon receiving applicable court approval.

Item 7.01. Regulation FD Disclosure

The Company expects to incur during its third fiscal quarter ended January 31, 2006 an after-tax charge of approximately \$31 million, or approximately 9 cents per diluted share, for the unreserved cost of the proposed litigation settlement described in Item 1.01 above.

On December 21, 2005, the Company issued a press release regarding the proposed litigation settlement described in Item 1.01 above. A copy of the press release is furnished with this Form 8-K as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated December 21, 2005, entitled "H&R Block and Attorneys Propose Refund Loan Settlement to Court."

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

H&R BLOCK, INC.

Date: December 21, 2005

By: /s/ Bret G. Wilson
Bret G. Wilson
Vice President and Secretary

EXHIBIT INDEX

[Exhibit 99.1](#) Press Release issued December 21, 2005—“H&R Block and Attorneys Propose Refund Loan Settlement to Court.”

News Release

For Further Information:

Media Relations: Linda McDougall, 816-932-7542, lmcdougall@hrblock.com

Investor Relations: Scott Dudley, 816-932-8342, scott.dudley@hrblock.com

H&R BLOCK AND ATTORNEYS PROPOSE REFUND LOAN SETTLEMENT TO COURT

Settlement To Resolve Most Pending Refund Loan Litigation

FOR RELEASE DEC. 21, 2005:

KANSAS CITY, Mo. — H&R Block Inc. (NYSE:HRB) announced that it has reached an agreement with plaintiff class representatives and class counsel that would settle four state class action lawsuits related to refund anticipation loans (RALs) as well as potential claims of RAL purchasers in 22 other states and the District of Columbia.

The proposed settlement was filed today in *Cummins v. H&R Block*, an action that has been pending in the Circuit Court of Kanawha County, West Virginia since 2003. It would also settle the *Becker v. H&R Block* (Ohio), *Mitchell v. H&R Block* (Alabama), and *Green v. H&R Block* (Maryland) cases. Overall, the proposed settlement class would include more than 8 million consumers.

The proposed settlement provides for \$62.5 million in the settling jurisdictions. Payments would be made to class members who submit a timely proof of claim for RALs they had obtained from as early as 1989, in some instances, to 2005. H&R Block expects to record an after-tax charge of approximately \$31 million, or approximately 9 cents per diluted share, in its fiscal third quarter ending Jan. 31, 2006.

The proposed settlement would also require that H&R Block use industry-leading disclosure practices for future refund anticipation loans provided to its clients. These practices outline tax filing options, costs and loan obligations as well as the time required to receive refunds with each option, and are explained to refund anticipation loan clients during the tax preparation interview in H&R Block tax offices. The goal is to ensure that consumers have all the information they need to make the best choices that meet their financial needs and to ensure that the disclosures set the industry standard.

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The proposed settlement is subject to review and approval in West Virginia State Court. If preliminary approval of the settlement is granted, notices are anticipated to be mailed to class members by March 10, 2006. A hearing on preliminary approval is set for Dec. 23, 2005.

If the settlement gains approval, H&R Block will have settled most of the RAL litigation that has been pending against the company since the 1990s. The only remaining cases would be the *Carnegie* case, a federal nationwide class action pending in Chicago that contains a single RICO claim against the company and is scheduled for trial on March 27, 2006; and *Basile v. H&R Block*, a 1992 Pennsylvania RAL case.

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About H&R Block

H&R Block is a leading provider of tax, financial, mortgage, accounting and business consulting services and products. H&R Block is the world's largest tax services provider, having prepared more than 400 million tax returns since 1955. The company and its subsidiaries generated revenues of \$4.4 billion and net income of \$636 million in fiscal year 2005 from operations in four principal business segments: tax preparation and advice via in-office, online and software solutions; investment and financial advisory services; retail and wholesale mortgage services; and tax/accounting/business consulting services for mid-sized companies. Headquartered in Kansas City, Mo., H&R Block markets its services and products under three leading brands: H&R Block, Option One and RSM McGladrey. For more information, visit our Online Press Center at www.hrblock.com.

