

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): November 1, 2002

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
(Address of Principal Executive Offices)

64111
(Zip Code)

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

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

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Item 5. Other Events.

On November 1, 2002, the Company issued the press release attached as exhibit 99.1 containing the Company's response to market rumors regarding litigation.

The information contained in this Form 8-K and the exhibit hereto may contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are based upon current information, expectations, estimates and projections regarding the Company, the industries and markets in which the Company operates, and management's assumptions and beliefs relating thereto. Words such as "will," "believe," "expect," and variations thereof and similar expressions are intended to identify such forward-looking statements. These statements speak only as of the date on which they are made, are not guarantees of future performance, and involve certain risks, uncertainties and assumptions that are difficult to predict. Therefore, actual outcomes and results could materially differ from what is expressed, implied or forecast in such forward-looking statements. Such differences could be caused by a number of factors including, but not limited to, risks described from time to time in reports and registration statements filed by the Company and its subsidiaries with the Securities and Exchange Commission ("SEC"). Readers should take these factors and risks into account in evaluating any such forward-looking statements. The Company undertakes no obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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: November 1, 2002

By: /s/ James H. Ingraham
James H. Ingraham
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit 99.1 Press Release issued November 1, 2002.



News Release

For Further Information

Media Relations: Linda McDougall, (816) 932-7542

Investor Relations: Becky Shulman, (816) 701-4574

H&R BLOCK RESPONDS TO MARKET RUMORS REGARDING LITIGATION

FOR RELEASE NOV. 1, 2002

KANSAS CITY, Mo. – H&R Block Inc. (NYSE:HRB) today, in responding to rumors regarding litigation involving H&R Block Inc. and its subsidiaries, stated that while amounts claimed in routine litigation involving refund anticipation loans (RALs) were substantial, and ultimate liability with respect to litigation is difficult to predict, management continues to believe that amounts that might be paid by the company for judgments or settlements in these cases will not have a material adverse effect on the company's consolidated results of operations or financial position. The company further stated that nothing in the current litigation involving RALs would cause the company or the lending bank to change the fee structure of its product offerings.

Block has not lost any of the more than 20 class action lawsuits filed against it involving the refund anticipation loan program. Block has won these cases on dispositive motions or they have been dropped by plaintiffs. However, in order to avoid the uncertainty of litigation and the diversion of resources and personnel resulting from the remaining lawsuits, in October 1999, H&R Block, the lending bank and plaintiffs in the case Joel E. Zawikowski, et al. v. Beneficial National Bank, H&R Block Inc., et al., in the United States District Court for Northern Illinois, agreed to a settlement on a nationwide basis.

The settlement involves a \$25 million fund, of which H&R Block paid half, for class members. The settlement is not material to the company's consolidated results of operations or financial position. That settlement was approved by the District Court in February 2001, appealed to the Court of Appeals, and reversed and remanded by the Court of Appeals in April 2002 for further consideration by the

District Court. A fairness hearing regarding the settlement was held in October 2002 and will continue on Nov. 15, 2002.

Another pending class action case, Ronnie and Nancy Haese, et al., v. H&R Block Inc, et al., pending since July 1996 in the District Court of Kleberg County, Texas, is scheduled for jury trial on Dec. 2, 2002. Plaintiffs in this case are part of the < u>Zawikowski settlement class, and therefore would be covered by that settlement.

In this Texas case, plaintiffs are trying to recover damages, which they claim total \$75 million, for Block's failure to disclose a license fee paid by the bank to Block in connection with refund anticipation loans. Plaintiffs also seek an undisclosed amount of punitive damages. The license fees received by the company during the relevant time period totaled only \$3.5 million.

In a separate Texas class action case not currently scheduled for trial, the same plaintiffs are seeking an unspecified amount of damages based upon allegations of usury. H&R Block has denied all allegations and believes it has a meritorious defense in both Texas cases. The second case is also part of the Zawikowski settlement class, and therefore would be covered by that settlement. In previous RAL class action decisions, other courts have held that such loans are not usurious.

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