

HSBC Taxpayer Finance also agreed to fund the remaining \$70 million of the cash settlement payment, conditioned on the Company and HSBC Taxpayer Finance (or their respective affiliates) entering into an agreement for an HSBC Taxpayer Finance affiliate to offer RALs in H&R Block offices after June 2006 (an "HSBC Taxpayer Finance RAL Agreement"). If the parties do not enter into an HSBC Taxpayer Finance RAL Agreement, (i) the Company or its subsidiaries will fund the remaining \$70 million of the cash settlement payment, (ii) HSBC Taxpayer Finance will reimburse Company subsidiaries for 73% of the out-of-pocket cost incurred in funding the coupon component of the *Carnegie* Settlement subject to a maximum reimbursement limit of \$17.5 million and (iii) the Company's (and its subsidiaries') indemnification claims against HSBC Taxpayer Finance, other than claims pertaining to the *Carnegie* litigation, will be reinstated.

Item 7.01. Regulation FD Disclosure

The Company expects to incur during its fourth fiscal quarter ended April 30, 2005 an after-tax charge of approximately \$38 million, or 23 cents per diluted share, for the unreserved cost of the proposed *Carnegie* litigation settlement.

On May 9, 2005, the Company, HSBC Finance Corporation and plaintiffs' counsel issued a press release announcing the proposed settlement of the *Carnegie* litigation. A copy of the press release is furnished with this Form 8-K as Exhibit 99.1.

On May 9, 2005, the Company issued a separate press release regarding the proposed *Carnegie* settlement's financial and other implications. A copy of the press release is furnished with this Form 8-K as Exhibit 99.2.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated May 9, 2005, entitled "Companies, Plaintiffs' Attorneys Propose RAL Settlement to Court."
99.2	Press Release, dated May 9, 2005, entitled "Proposed Legal Settlement Results in New Disclosure Guidelines and Best Practices in Refund Anticipation Lending."

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.

BY: /s/ Bret G. Wilson

Bret G. Wilson
Vice President and Secretary

Date: May 9, 2005

EXHIBIT INDEX

Exhibit 99.1	Press Release issued May 9, 2005- "Companies, Plaintiffs' Attorneys Propose RAL Settlement to Court."
Exhibit 99.2	Press Release issued May 9, 2005- "Proposed Legal Settlement Results in New Disclosure Guidelines and Best Practices in Refund Anticipation Lending."

News Release

Companies, Plaintiffs' Attorneys Propose RAL Settlement to Court

HSBC Taxpayer Financial Services Inc., H&R Block and Plaintiff Class Representative Submit Settlement for U.S. District Court's Approval; Settlement Would Resolve All Current RAL-Related Class Action Litigation

CHICAGO, Ill. – HSBC Taxpayer Financial Services Inc. and H&R Block (NYSE:HRB) have reached an agreement with the plaintiff class representative and class counsel Kirby, McInerney and Squire, LLP and Levy, Angstreich, Finney, Baldante, Rubenstein & Coren, P.C., that would settle a 1998 Chicago class action lawsuit related to refund anticipation loans, as well as end all current RAL-related class action litigation against the companies.

The proposed settlement was filed today in an action that has been pending in the U.S. District Court for the Northern District of Illinois, under the caption *Lynne A. Carnegie v. Household International, Inc., et al.* The proposed settlement would cover all refund anticipation loans that had been funded by various lenders through H&R Block as well as many refund anticipation loans that were funded by Beneficial National Bank, Household Bank f.s.b., and various lenders with which HSBC Taxpayer Financial Services had agreements through other tax preparers from 1987, when such loans first were offered, through the end of the 2005 tax season. Overall, the proposed nationwide settlement class would include more than 28 million consumers and cover more than 55 million individual refund anticipation loan transactions.

The proposed settlement provides for \$110 million cash and a total of \$250 million in freely transferable redeemable coupons. The cash would be distributed to class members who submit a timely proof of claim, based on the number of RALs they had obtained. The coupons would have a face value of \$6 and be distributed to all class members, subject to certain exceptions, also based primarily on the number of RALs they had obtained. The coupons, which have a three-year tax season life and can be aggregated up to four coupons per tax season, can be used in connection with any retail tax preparation services at any H&R Block retail location, or for online H&R Block tax preparation-related services and tax preparation software, over the next three annual tax seasons.

The proposed settlement would also require that H&R Block continue to use a six-step disclosure process to assure that H&R Block offers the “best-in-class” practices available for future refund anticipation loans to consumers. These practices would outline all tax filing options and costs, and the time required to receive refunds with each option, for refund anticipation loan clients at H&R Block offices. The goal is to ensure that consumers have all the information necessary to make smart choices that meet their financial needs.

— more —

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The proposed settlement is subject to the review and approval of U.S. District Judge Elaine Bucklo. If Judge Bucklo grants preliminary approval of the settlement, notices are anticipated to be mailed to class members within 45 days thereafter. Class members would have the right to exclude themselves from the settlement, subject to certain limitations, or to object to its terms at a fairness hearing that would be held later in 2005.

Media Contacts:

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Steven E. Angstreich, Esquire, 800-601-1616 – For Plaintiffs
Peter Linden, Esquire, 888-529-4787 – For Plaintiffs

News Release**For Further Information****Media Relations:** Linda McDougall, 816-932-7542, lmcdougall@hrblock.com**Investor Relations:** Becky Shulman, 816-701-4574, bshulman@hrblock.comPam Kearney, 816-932-1967, pkearney@hrblock.com**PROPOSED LEGAL SETTLEMENT RESULTS IN NEW DISCLOSURE GUIDELINES
AND BEST PRACTICES IN REFUND ANTICIPATION LENDING*****H&R Block's Financial Literacy and Savings Programs
Help Low-Income Americans Make Informed Choices*****FOR RELEASE MAY 9, 2005**

KANSAS CITY, Mo. – Today's proposed class action settlement, which was the subject of extensive negotiation with class counsel, creates disclosure guidelines that are intended to ensure that H&R Block customers understand all income tax settlement options available, particularly the cost and obligations associated with a refund anticipation loan.

"With this settlement, we believe H&R Block's practices can become the foundation for establishing the industry standard in how to responsibly meet the needs of those consumers who choose a refund anticipation loan," said Mark A. Ernst, chairman and chief executive officer. "These best-in-class disclosures, along with our financial literacy and savings programs, will help consumers make wise choices that improve their financial lives."

H&R Block would record an approximate \$38 million, after tax charge, or 23 cents per diluted share, in its fourth quarter ended April 30, 2005.

H&R Block sponsors numerous tax and financial literacy programs that assist low- and moderate-income individuals and working families. A brief review of some of those programs follows.

Financial Literacy Outreach

Each of H&R Block's 19 million retail tax clients receive a free financial literacy report providing personalized tax and financial advice that will help Americans lower their taxes, claim valuable tax credits, begin saving for their futures, and qualify for government assistance programs.

In 2005, the company provided food stamp applications to its eligible clients in 12 states. Earlier education efforts by the company increased consumer inquiries by more than 300 percent to the USDA's Food Stamp hotline. H&R Block also alerts low-income clients to their eligibility for key government benefits, including children's health insurance, women's nutrition programs, and home energy assistance.

Because H&R Block files nearly a quarter of all federal returns claiming the Earned Income Tax Credit, the company plays a vital role in educating the millions of low-income American workers who remain unaware of the valuable credit. This year alone, H&R Block funded nearly 70 EITC outreach programs across the country in such cities as New York, Miami, Dallas-Ft. Worth and Chicago. It also provided start-up funding for San Francisco's "Working Families Tax Credit," which supplements the federal EITC.

Lower-Cost Refund Options

For the millions of Americans who don't have bank accounts, cashing their tax refund checks or accessing their refunds through direct deposit to a bank account can be a major problem. H&R Block is helping these "un-banked" consumers receive their refunds on a debit card, which gives them quick access to their money while avoiding costly loan and check-cashing fees.

Encouraging Savings

H&R Block has helped more than 500,000 taxpayers save over \$285 million toward their futures, contributing to the growing awareness that low- and moderate-income individuals can save.

The company's "Express IRA" allows tax clients to direct part or all of their tax refund to an FDIC-insured retirement savings account. The accounts can be opened with as little as \$300, plus many clients get the additional benefit of a tax credit.

In addition, the company's financial literacy efforts have helped taxpayers understand and claim the federal government's Retirement Saver's Credit. In 2004, nearly one-fourth of all tax returns claiming the Saver's Credit were filed by H&R Block, helping taxpayers receive more than \$196 million in tax credits. H&R Block also helps its clients save for college and home ownership.

"Each tax interview with our clients is a teachable moment, an opportunity for us to offer financial education and advice, and we take this responsibility seriously," Ernst said.

Additional Information

H&R Block will post to its Investor Relations web site additional information regarding the proposed settlement.

About H&R Block:

Celebrating its 50th anniversary in 2005, H&R Block is the world's largest tax services provider, having served more than 400 million clients since 1955. The sixth largest retailer in the world, H&R Block has more than 12,000 locations serving taxpayers primarily in the United States, Canada and Australia.

H&R Block's subsidiaries deliver tax services and financial advice, investment and mortgage services, and business accounting and consulting services. **H&R Block Financial Advisors Inc.** offers investment services and securities products. With approximately 1,000 financial advisors serving clients at approximately 270 locations, H&R Block Financial Advisors is a member NYSE, SIPC, a registered broker-dealer and investment advisor. H&R Block Inc. is not a registered broker-dealer and is not a registered investment advisor. **H&R Block Mortgage Corp.** offers a full range of retail mortgage services. **Option One Mortgage Corp.** provides mortgage services and offers wholesale mortgages through large financial institutions and a network of approximately 25,000 independent mortgage brokers. **RSM McGladrey Business Services Inc.** and its subsidiaries serve mid-sized businesses and their owners with tax, accounting and business consulting services, as well as personal wealth management services. **H&R Block Small Business Resources** is a new business currently operating in 14 U.S. cities that serves the tax, financial and business needs of small business owners. H&R Block Small Business Resources is not a licensed CPA firm. For more information about the company, visit our Online Press Center at www.hrblock.com.