



H&R BLOCK[®]

2013 Investor Conference

December 11, 2013



H&R BLOCK[®]

Colby Brown

VP, Investor Relations

Forward-Looking Statements

This presentation and various comments made in connection with it will 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, 2013 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.



H&R BLOCK[®]

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Bill Cobb

President & CEO

After today, we hope you better understand:

- Who we are...
- The tax industry and what happened last season
- The opportunities before us and how we will capitalize on those opportunities
- How we deliver value for our shareholders



H&R Block is the largest tax preparer in the world, entering our 59th tax season...

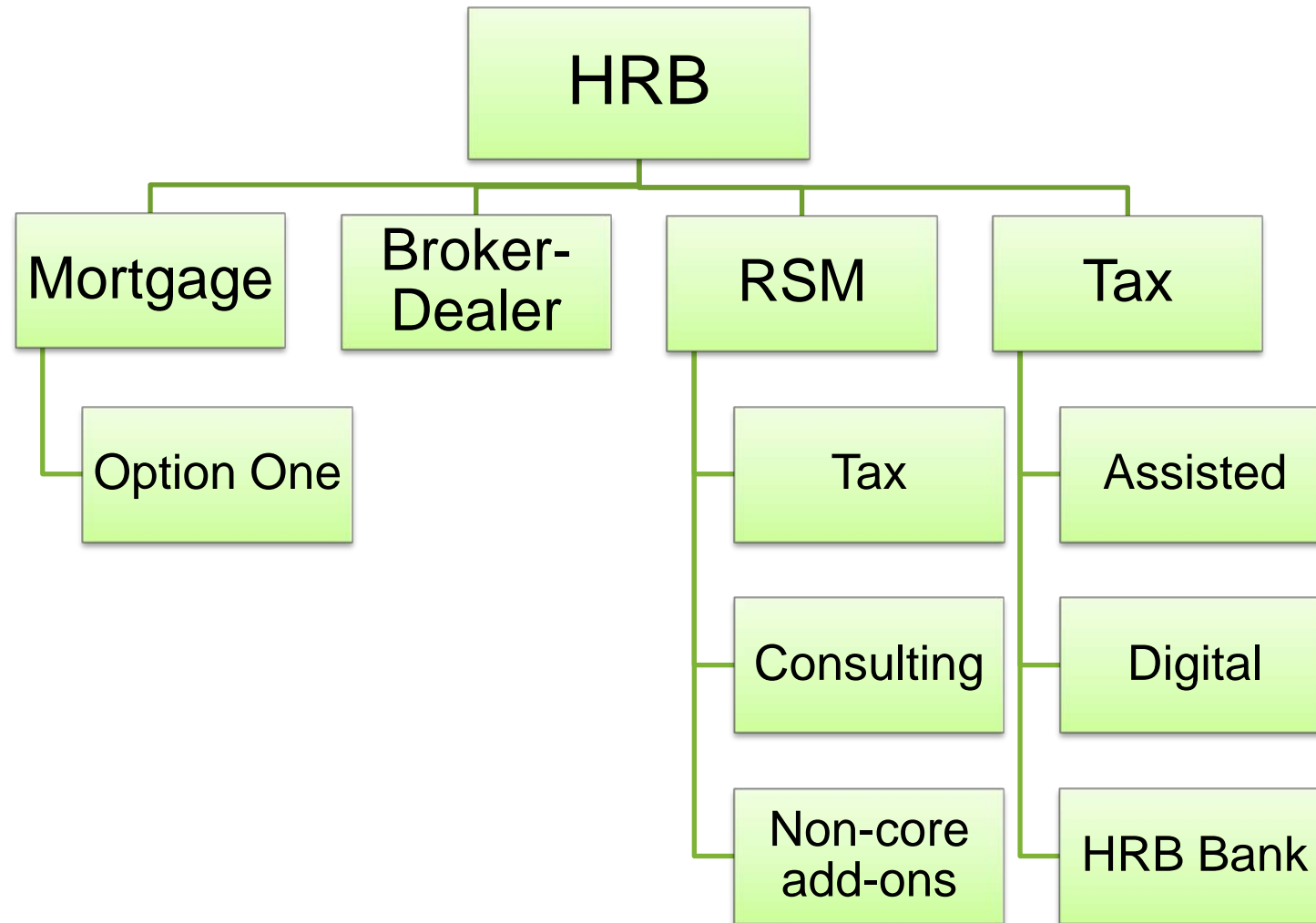
- 625+ mm returns world-wide since 1955 (25.4 mm in 2013)
- Approx. 12,000 offices and 80,000 tax professionals and associates worldwide
- Established U.S., Canada & Australia operations, recently entered Brazil & India
- File ~1 in every 6 U.S. tax returns
- Offer complementary tax and financial services to clients

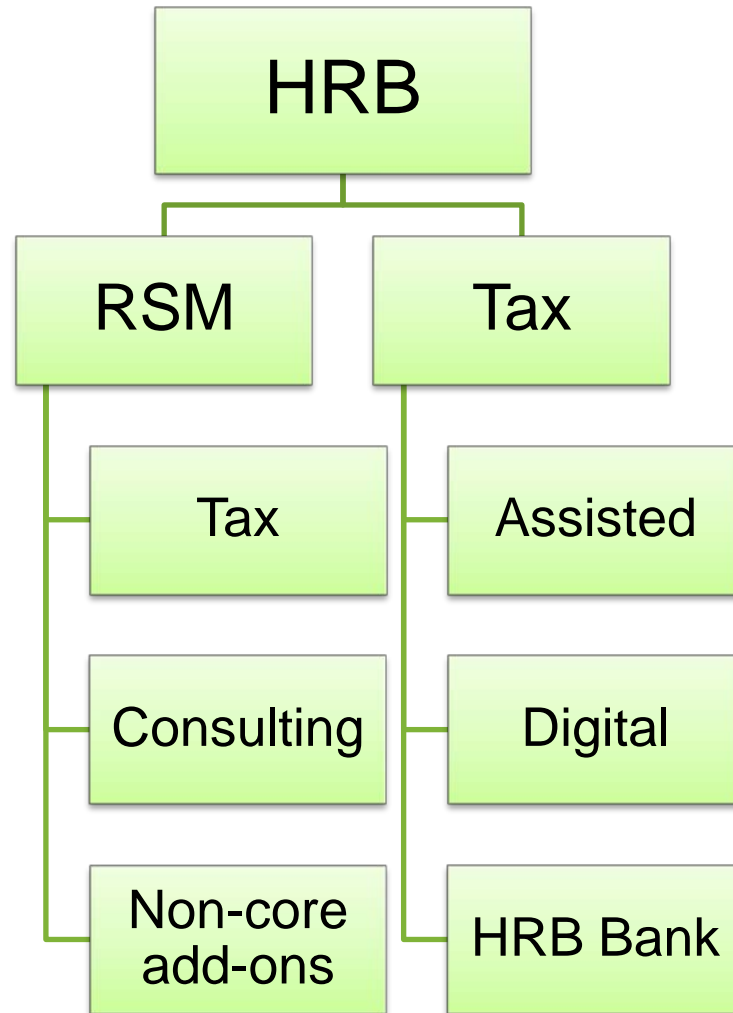


What I saw...

- Clutter and confusion
- Lack of clear direction
- Huge potential









■ Tax preparation

- Assisted
- Online, Mobile, Desktop
- International

■ Financial Services

- Emerald Prepaid Debit Card
- Refund Transfer
- Emerald Advance Line of Credit
- Peace of Mind

We look at
your life
through tax...
and find ways
to help

PURPOSE

Leading global
consumer tax
company, bringing
tax and related
solutions to
clients...
year-round

VISION

VALUES

**We do the
right thing**

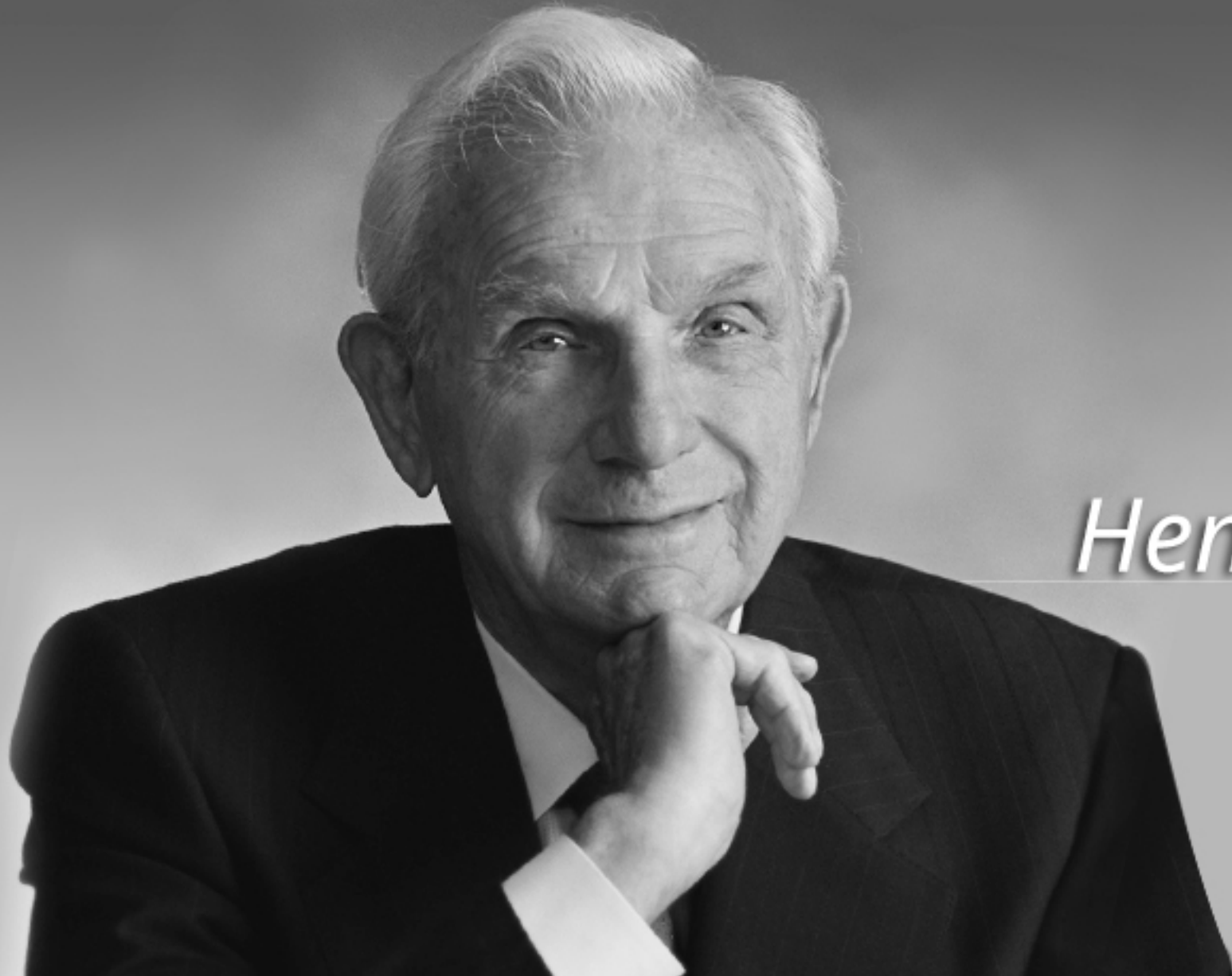
VALUES

We believe in
our **people**

We take care of
our **clients**

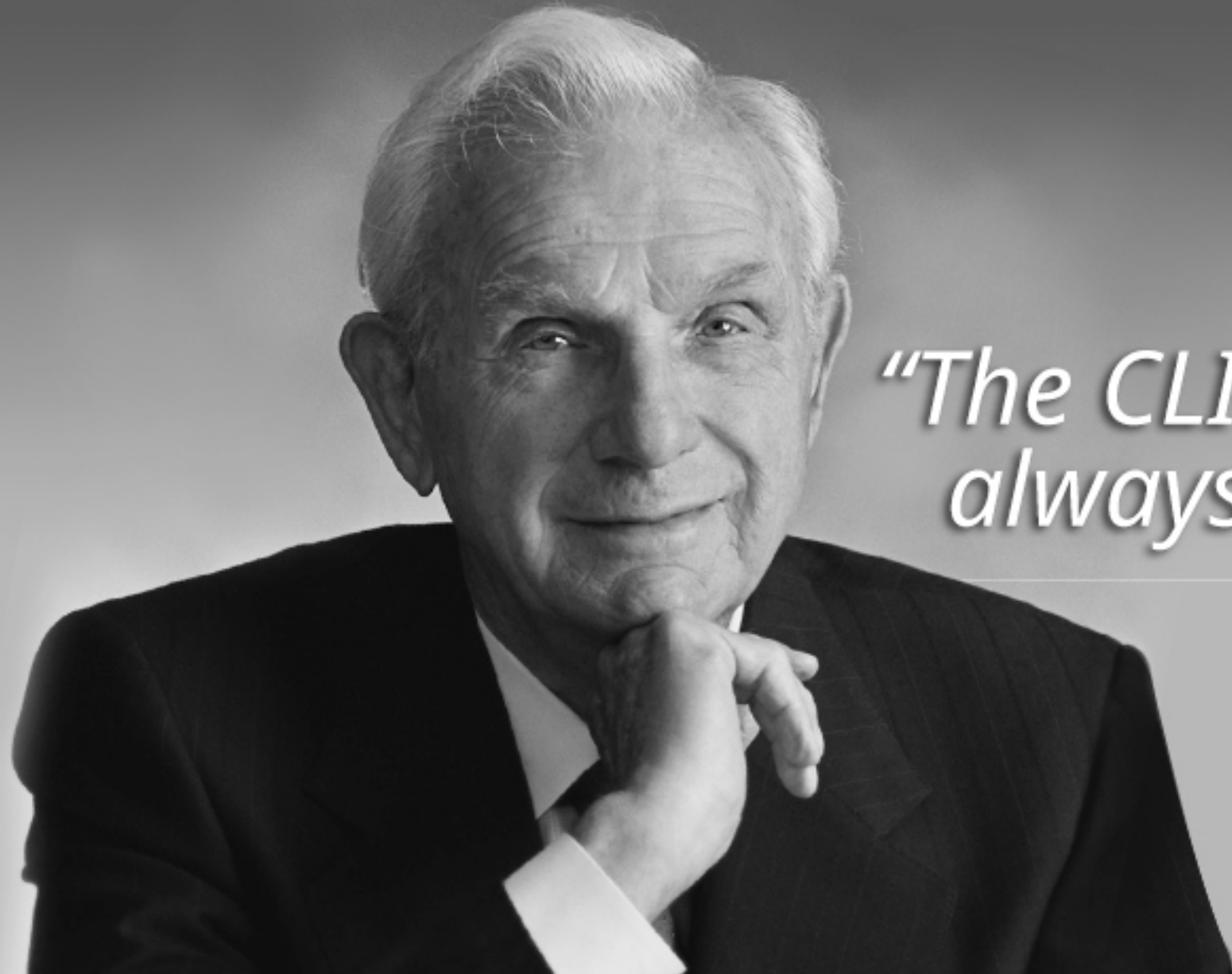
We deliver for
our **shareholders**

**We do the
right thing**



Henry Bloch

Our Founding Principle



*“The CLIENT
always comes first...”*

The best tax professionals and associates in the industry

- More than **80,000** tax professionals and associates globally
- Over **7,500** enrolled agents, CPAs and attorneys
- **35%** of our tax pros are at our most advanced certification levels
- Average tax pro tenure is **8** years



Karen Mehta

Master Tax Advisor: 9 Years Experience

Additional Certifications: Enrolled Agent (EA)

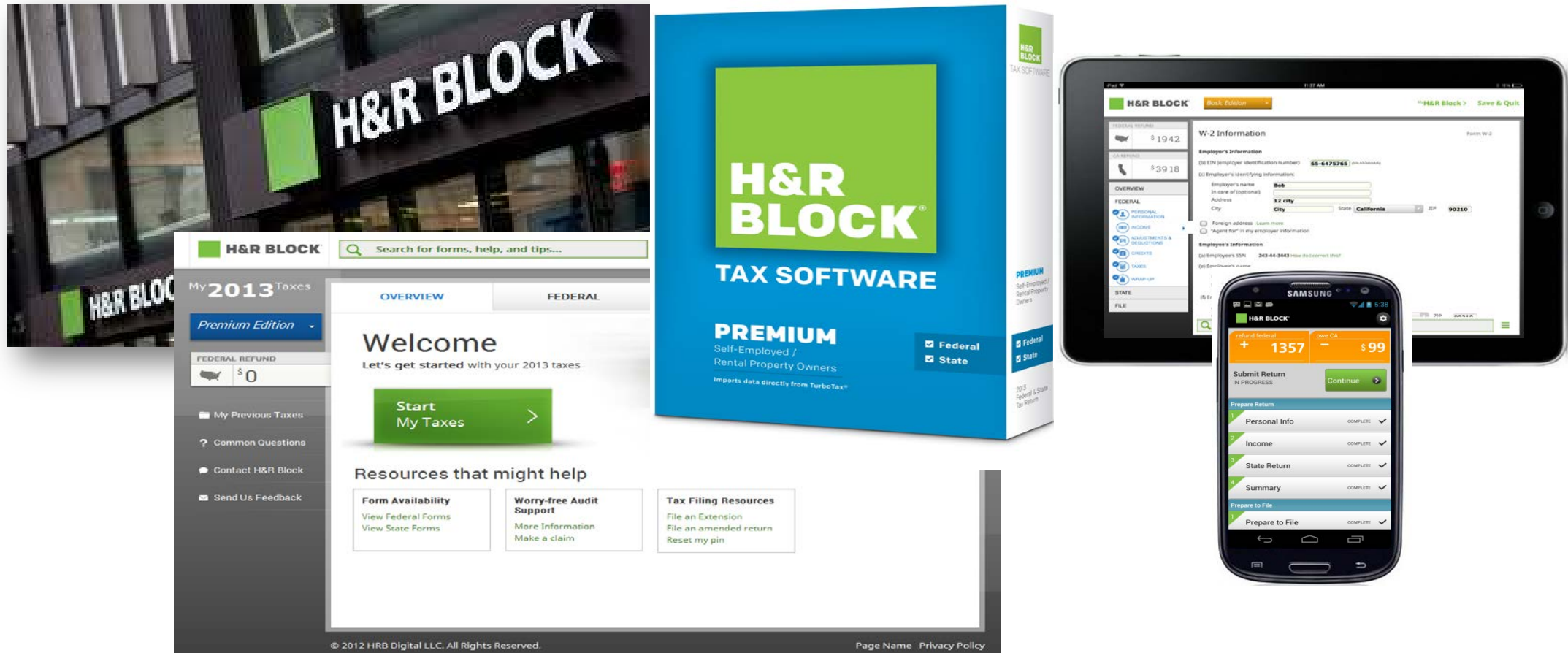
➔ Personal Information



Our Operating Principle Today



We serve our clients the way they want to be served

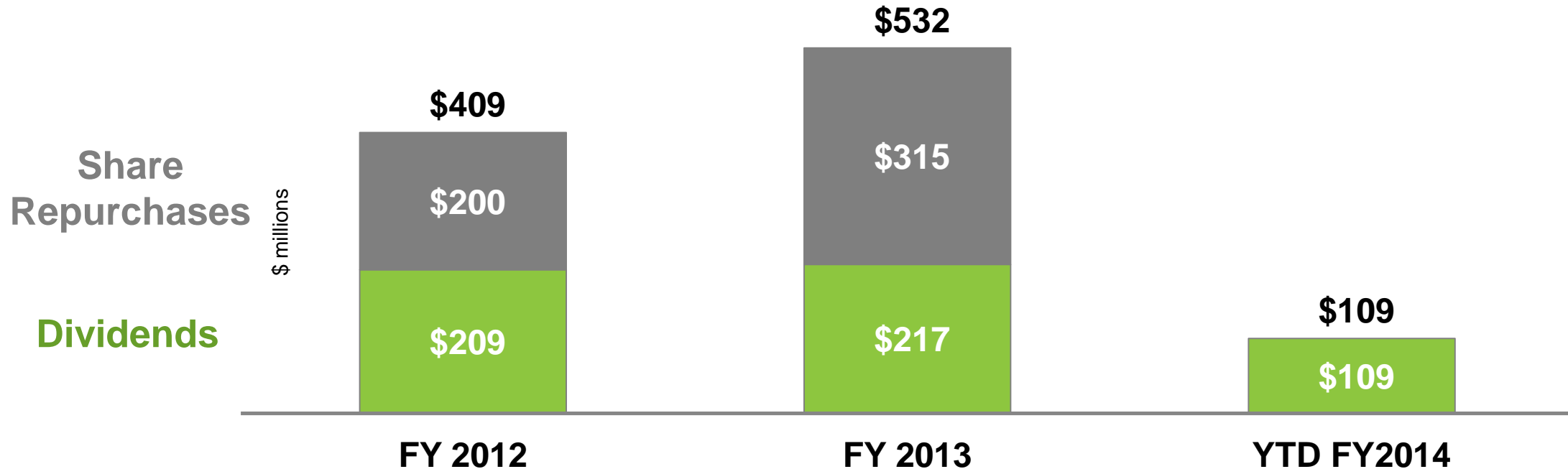


Anywhere, Anyway, Anytime

Delivering Value for Our Shareholders

- **\$3.7 B** of total dividends paid to shareholders since HRB went public in 1962
- **205** consecutive quarterly dividends
- Current quarterly dividends of approximately **\$55 mm**

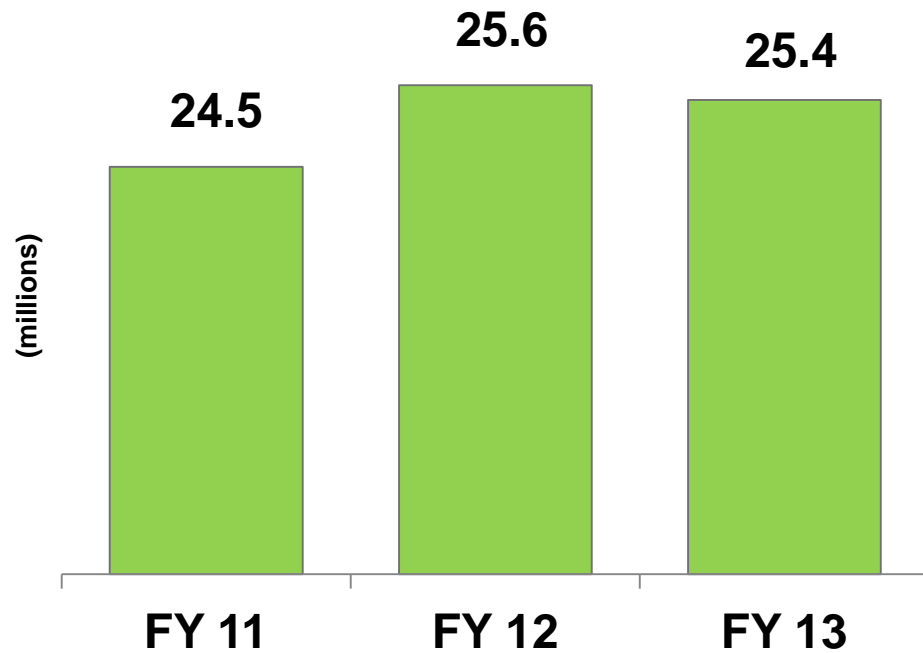
***Over \$1 billion returned to shareholders since becoming CEO
May 2011***



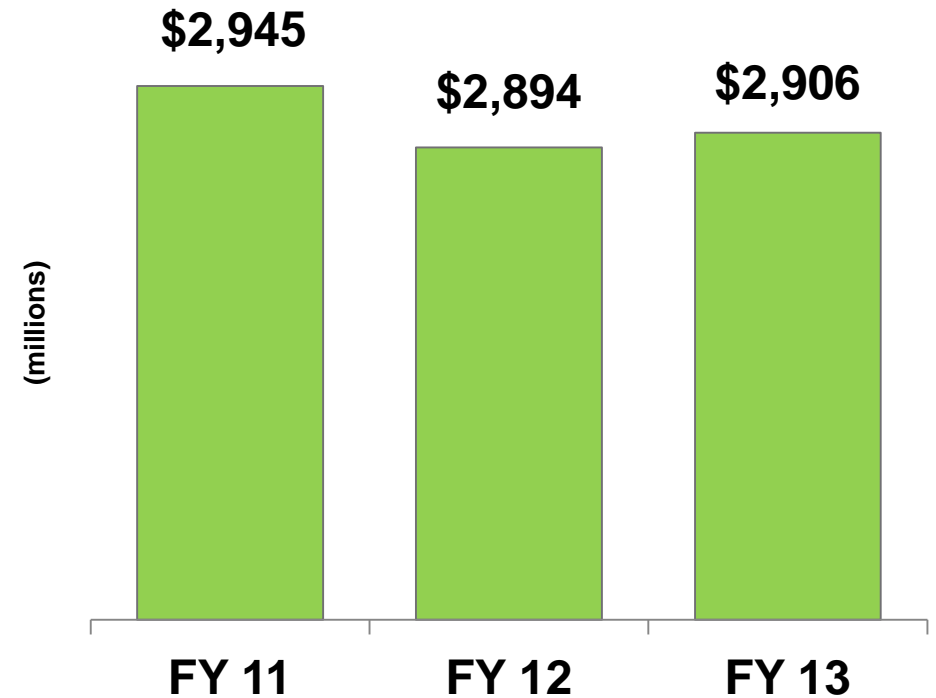
Looking Back at 2013

- Served 25.4 mm clients worldwide; revenues up modestly to \$2.9 B
- Strong customer satisfaction results

Total Returns Prepared Worldwide



Total Revenues



Returns filed were down 0.6% during tax season 2013

Reasons for industry decline:

- Economic factors
 - Labor force participation declining
 - Wages falling and part time work increasing
 - Falling homeownership rates
- Industry factors
 - Increased fraud screening measures
 - Increased extensions
- Expect total returns to be up 0-1% in 2014



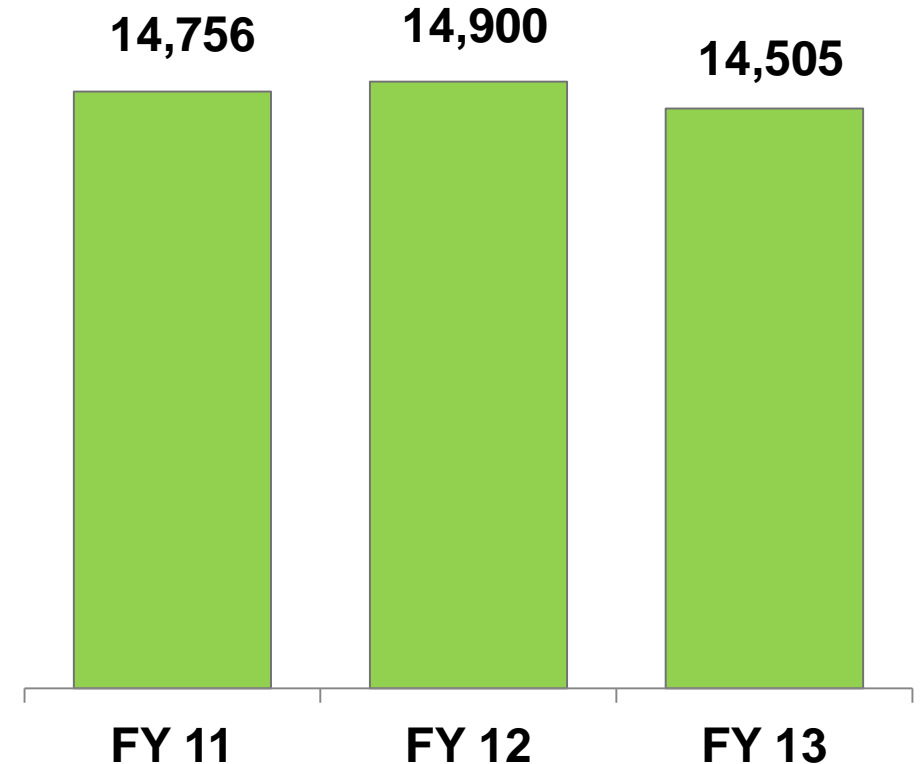
Assisted

- Prepared 14.5 mm assisted U.S. returns in FY13
- Continue focus on driving profitable growth and maximizing our value offering to our clients
- Exceeded aggressive client satisfaction targets



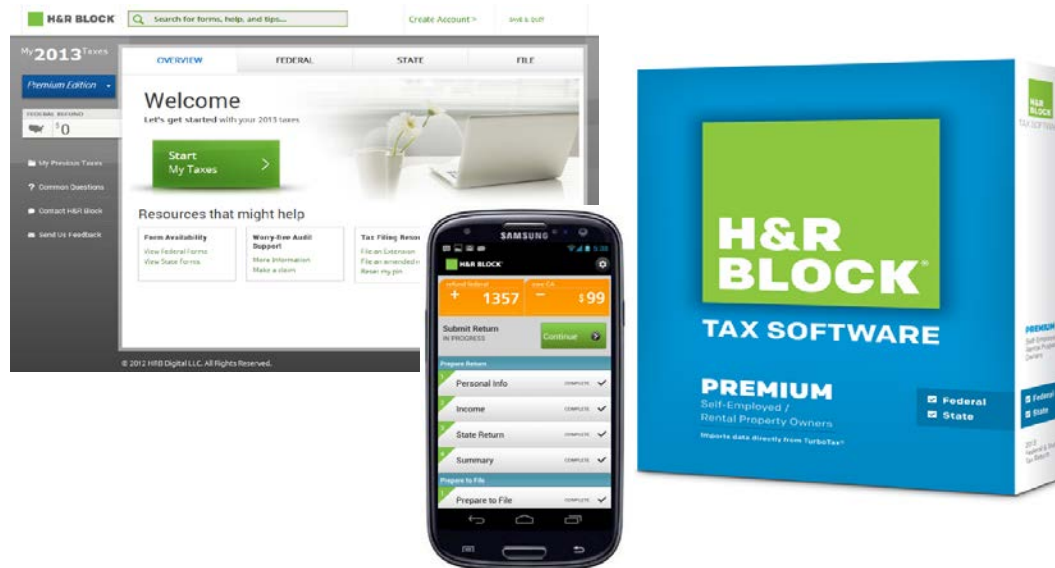
U.S. Assisted Returns Prepared

(thousands)

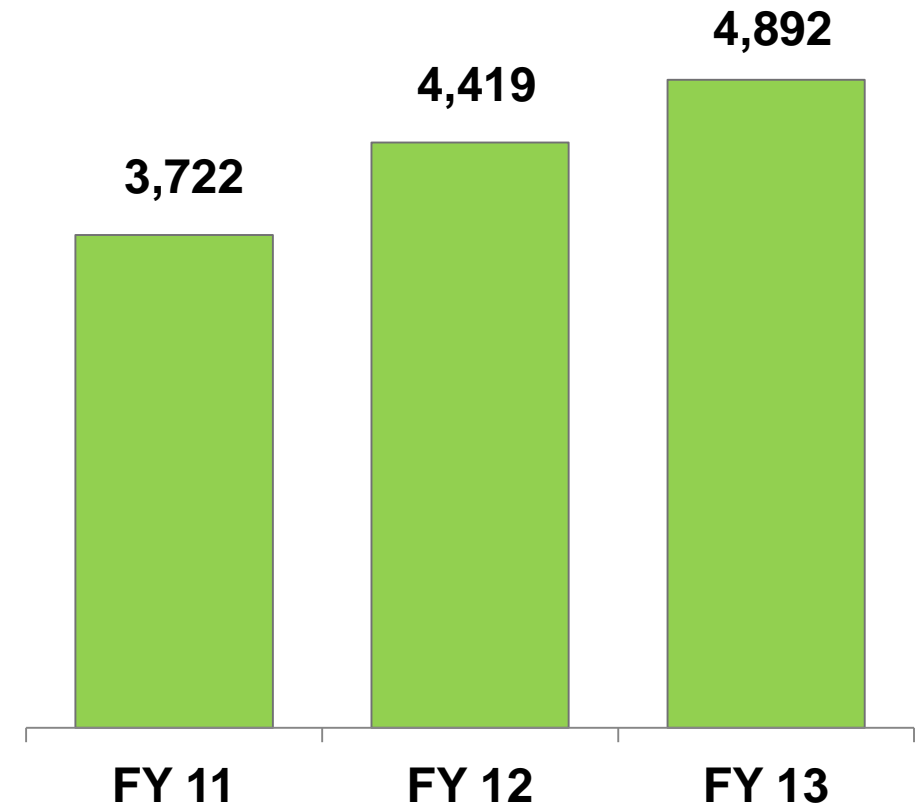


Digital DIY

- H&R Block digital returns increased 3.1% to 7.7 mm
- Online returns grew 10.7%
 - 50 bps gain in Online share



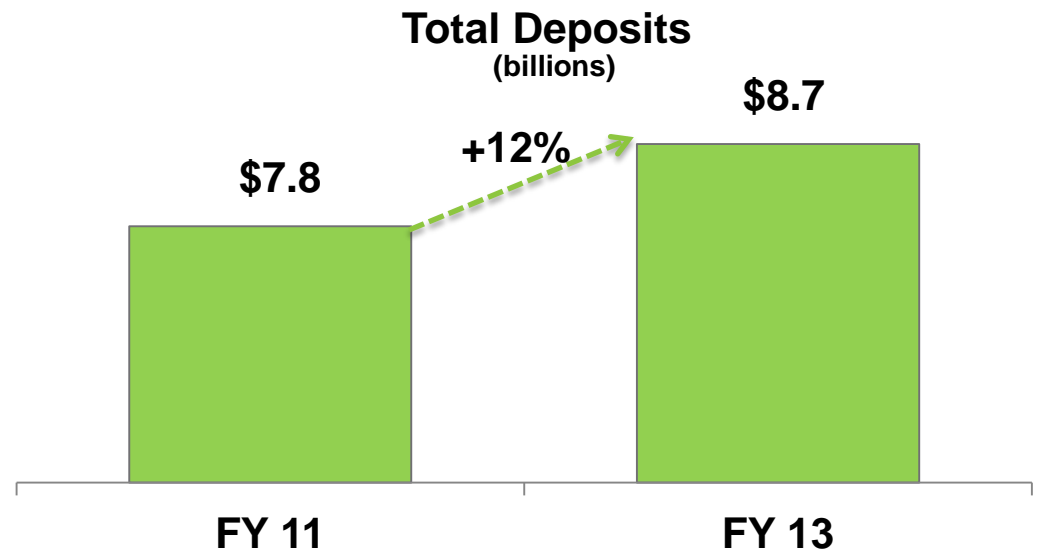
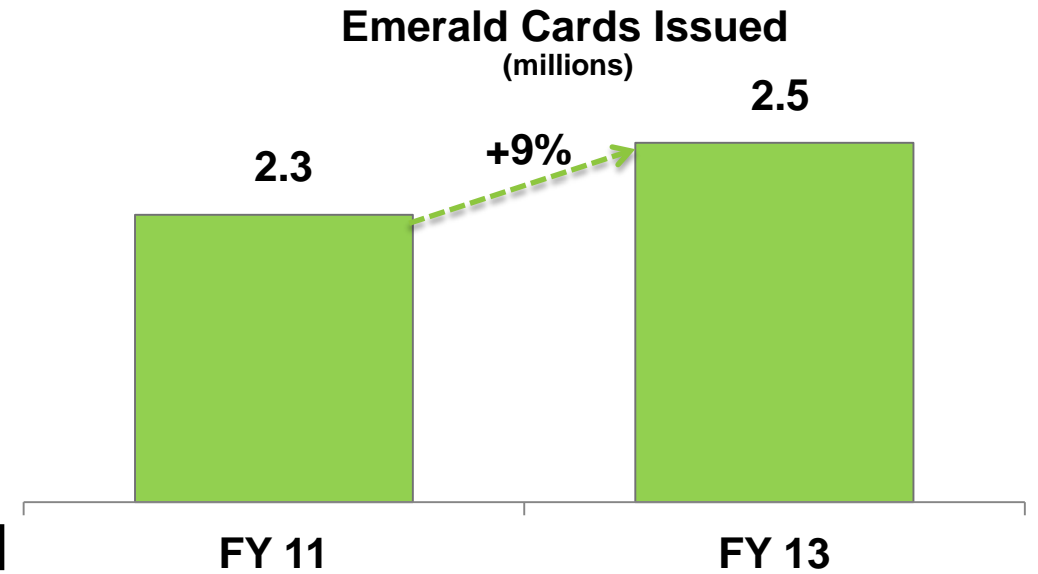
U.S. Online Returns Prepared (thousands)



Tax Season 2013: Tax Plus Progress



- 3rd largest U.S. reloadable prepaid debit card
- Best-in-class product
- Refund Transfers, Peace of Mind, and Emerald Advance continue to provide value



Our fastest growing businesses: \$249 mm of FY13 revenue



Canada

- Entering its 50th tax season
- 9.7% share
- Grew revenue 5% in FY13

Australia

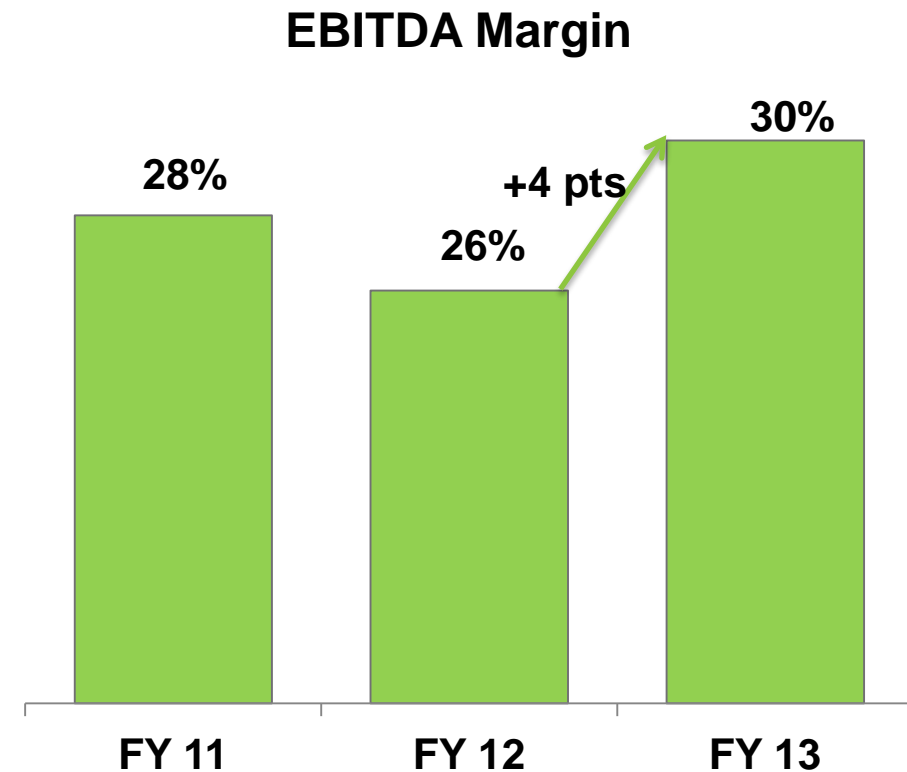
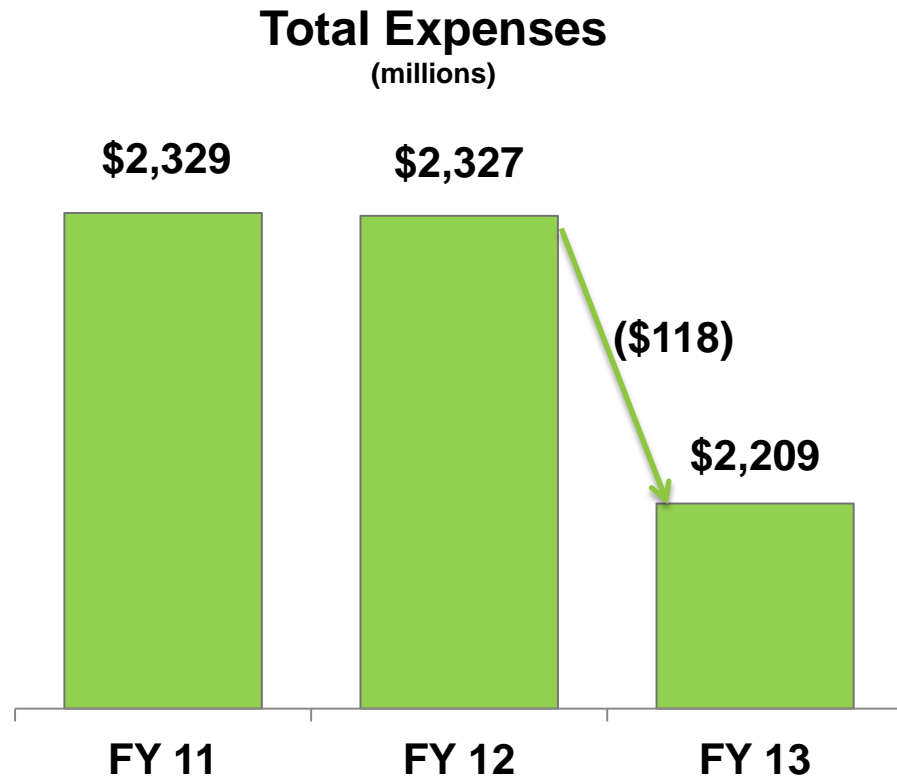
- Just completed our 43rd season
- 5.7% share
- Returns up 10% and revenue up 12% in FY13

Other Markets

- Recently entered Brazil and India
- Carefully evaluating additional expansion opportunities

Looking Back at 2013

- Increased earnings per share from continuing operations 46% to \$1.69
 - Exceeded aggressive expense savings target of \$85-100 mm
 - EBITDA margin improved 4 full points to 30%



- 1 Tax Plus
- 2 Health Care
- 3 Industry Leadership

1 Tax Plus... It All Starts With Taxes



1 Tax Plus... It All Starts With Taxes


Refund Transfer

PAY NOTHING OUT OF POCKET
WITH A REFUND ANTICIPATION CHECK

- Paying tax preparation fees with your refund is easy and convenient
- We'll send you an email when your money is available

Emerald Card

GET IT! USE IT! LOVE IT!



H&R BLOCK | emerald card[®]

5111 6511 1234 5678

5111 YEAR 02-15

YOUR NAME HERE

Debit
MasterCard

TAX +

Peace of Mind



Emerald Advance

YOU COULD GET UP TO \$1000
WITH AN EMERALD ADVANCE^{*}

* NO W-2 REQUIRED
* NEW CLIENTS WELCOME

APPLY INSIDE **CALL FOR AN APPOINTMENT**
866-852-9250

- Clear intersection between taxes and health care
 - Complexity is opportunity

- We are “hanging around” the issue:
 - Tax and Health Care Review version 2.0
 - HRB Enrollment Services
 - Prudent investment to position us for the future

- While opportunity may exist, timing and magnitude are uncertain



Industry Challenges: Our view

We are here to help taxpayers comply with tax laws – not advocate for changes to the tax code. However, we believe there are important tax administration issues facing taxpayers today:

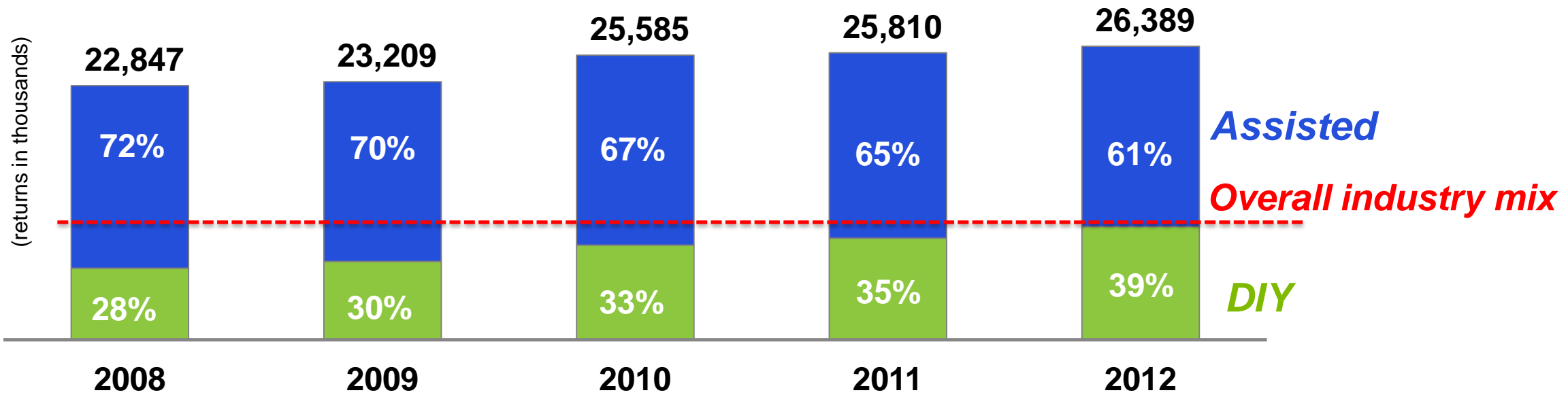
1. Fraudulent tax returns and improper payments
2. Lack of regulation of paid tax preparers

Fraudulent Returns & Improper Payments

- IRS estimates \$11.6B – \$13.6B improperly issued EITC payments*
- EITC improper payment rate is over 20% for past ten years
- Since 2008, IRS required additional due diligence on eligibility only for EITC returns completed with a paid preparer
- There has been a change in how taxpayers file EITC returns...

Fraudulent Returns & Improper Payments

EITC Returns & Assisted/DIY Share



All returns – Assisted and DIY – should be held to the same standards

Registered Tax Preparer Program

- There is currently no federal regulation of tax preparers and only three states have regulations in place
- August 2011 – IRS imposed new regulations to mandate testing and continuing education of tax preparers
- January 2013 – a civil liberties, non-profit law firm won an injunction against the IRS program
- September 2013 – D.C. Circuit Court of Appeals – decision is expected in a few months

If the IRS loses in court, we will support a legislative solution that protects taxpayers by regulating tax preparers

Today's Agenda



Kip Knight
President
U.S. Retail Operations



Jason Houseworth
President
Global Digital & Product Management



Greg Quarles
President
Financial Services



Mark Ciaramitaro
Vice President
New Business & Innovation



Greg Macfarlane
Chief Financial Officer



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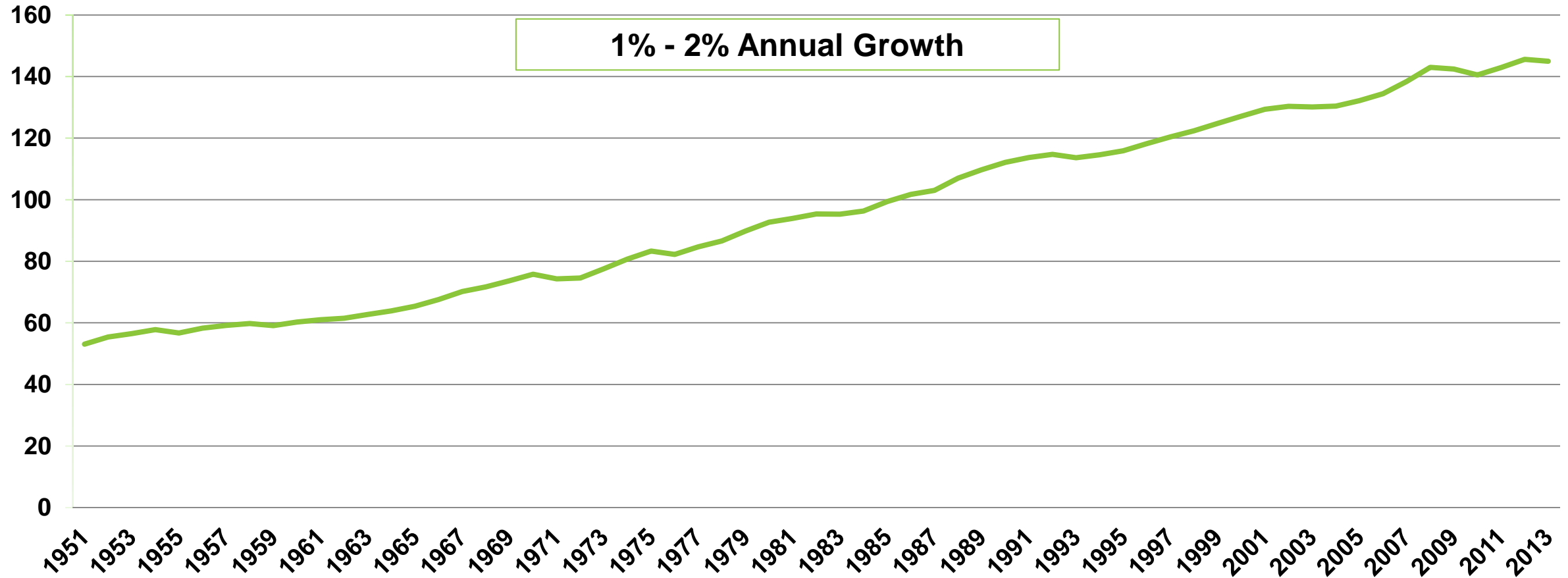
Kip Knight

President, U.S. Retail Operations

- U.S. Assisted Tax Category
- HRB in the Category
- Tax Season 2014 and Beyond

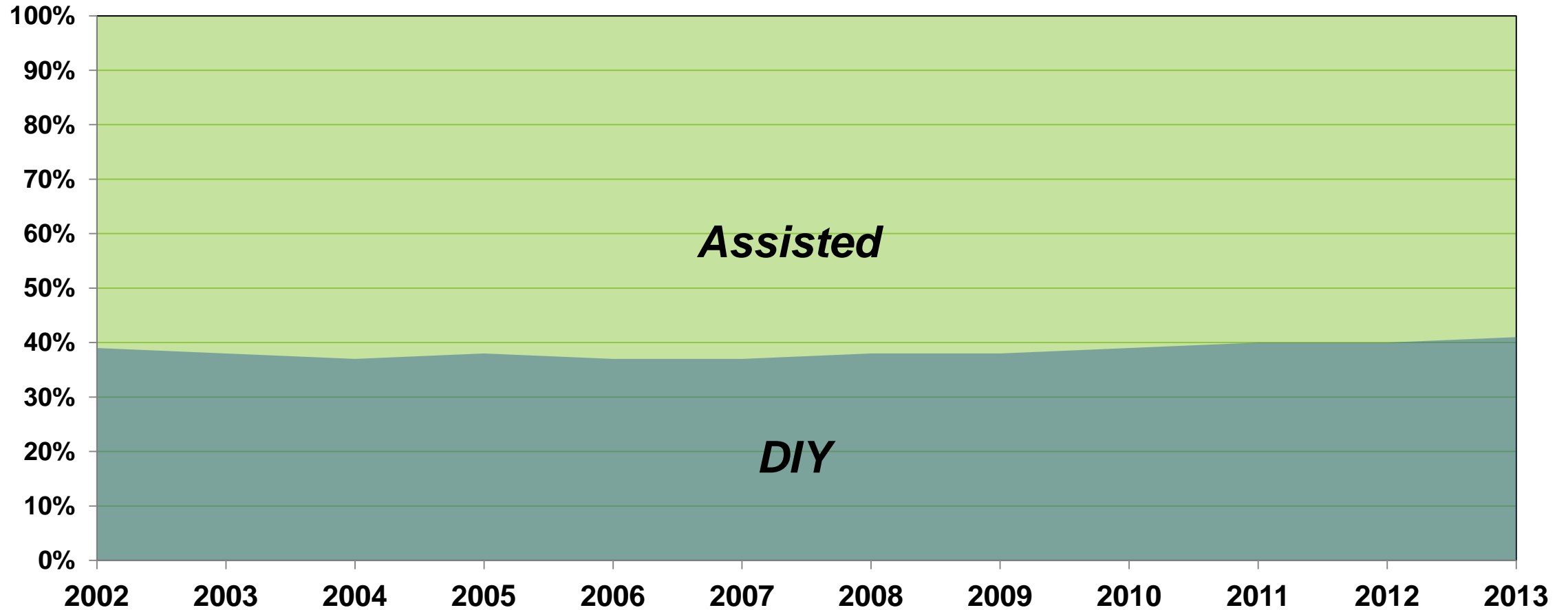
- **U.S. Assisted Tax Category**
- HRB in the Category
- Tax Season 2014 and Beyond

U.S. Tax Filings (millions)



Two Fundamental Ways to Prepare Taxes

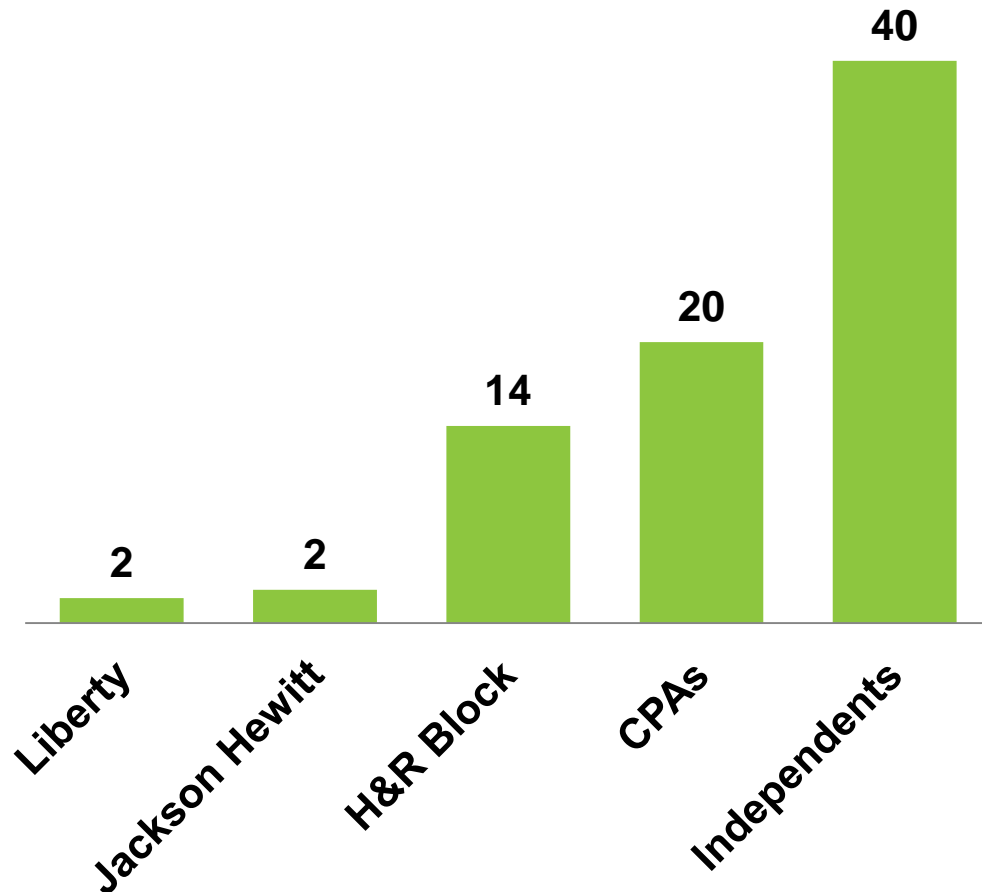
How Americans File Their Taxes



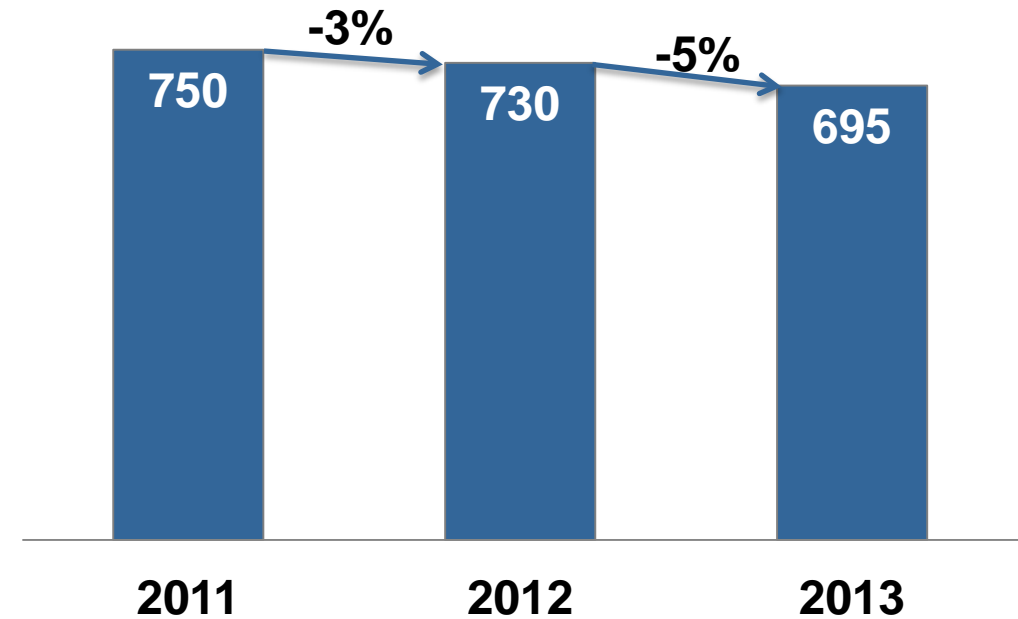
Note: Based on H&R Block estimates and IRS data; DIY Online category includes Online, Free File Alliance, and Mobile.
Due to increased industry eFile adoption rates, Desktop share based on eFiles TS10-TS13

Assisted Category is Highly Fragmented

2013 U.S. Assisted Tax Returns (millions)



Number of Industry Tax Preparers (thousands)



A highly fragmented market presents **opportunity** for HRB Growth

- U.S. Assisted Tax Category
- **HRB in the Category**
- Tax Season 2014 and Beyond

HRB's Competitive Advantages

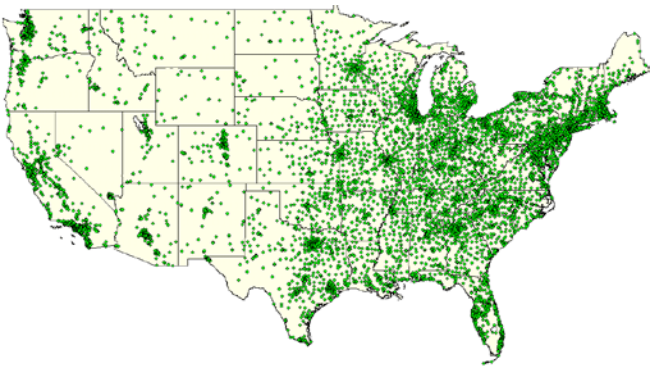


Scale

Tax Professionals

Brand

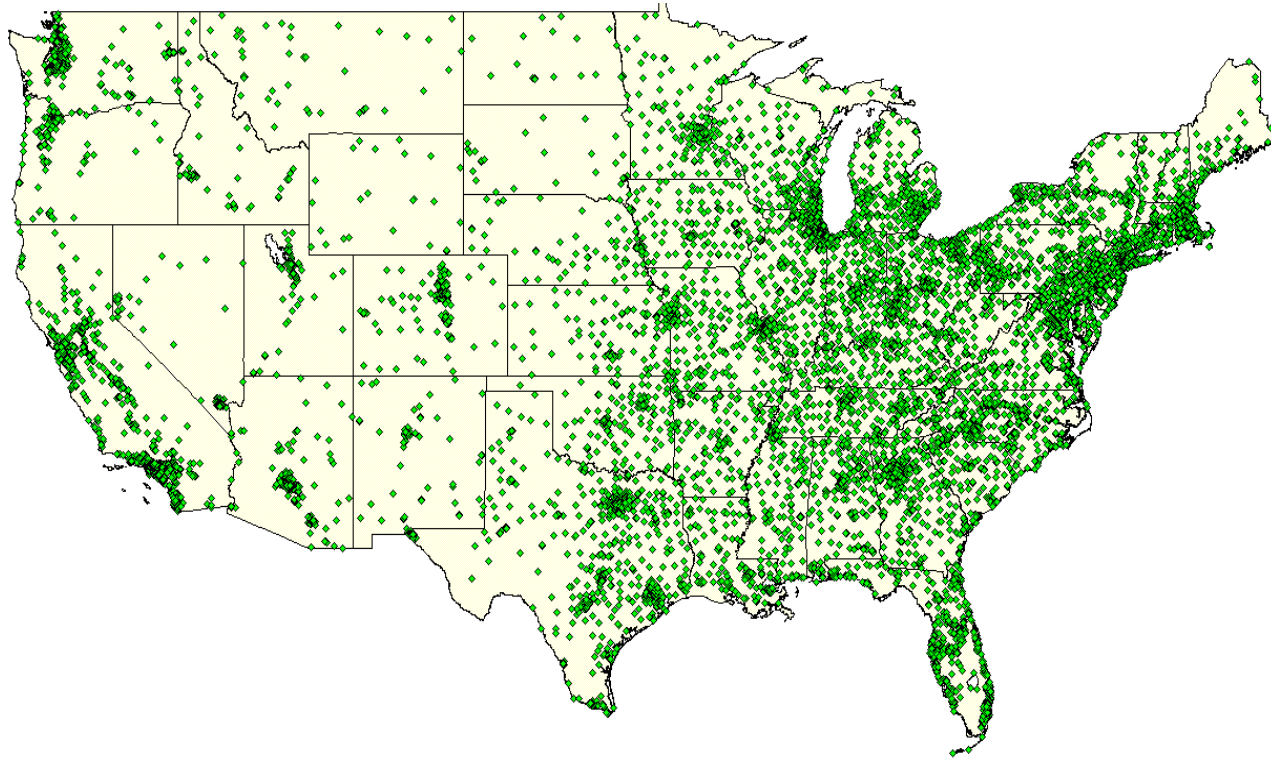
Tax Industry Innovation



HRB is the best and only tax preparation company that serves clients Anywhere, Anyway and Anytime they want to be served

Scale – U.S. Retail Footprint

Over 10,000 retail locations nationwide

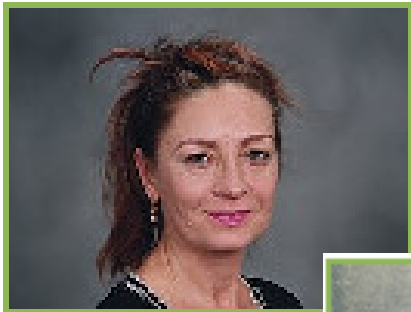


We're in your neighborhood!



Tax Professional Expertise

- **70,000+** tax professionals and associates + Kip
- **35%** of our tax pros are at our most advanced certification levels
- Over **7,500** enrolled agents, CPAs and attorneys
- Average tenure **8** years



Katarzyna Wozniak

Enrolled Agent: 19 Years Experience

Additional Certifications: Enrolled Agent (EA)

➤ Personal Information



Rosa Fiorentino

Enrolled Agent: 23 Years Experience

Additional Certifications: Enrolled Agent (EA)

➤ Personal Information



TAXES



TRUST



EXPERTISE

H&R Block created the tax preparation industry

- Second Look™
- Block Live™
- My H&R Block Account™
- Free audit support

FREE
SECOND LOOK™ REVIEW
WE FIND MONEY
OTHERS MISS

 **BLOCK LIVE**
Your Online Tax Pro

My
H&R BLOCK

TAX+

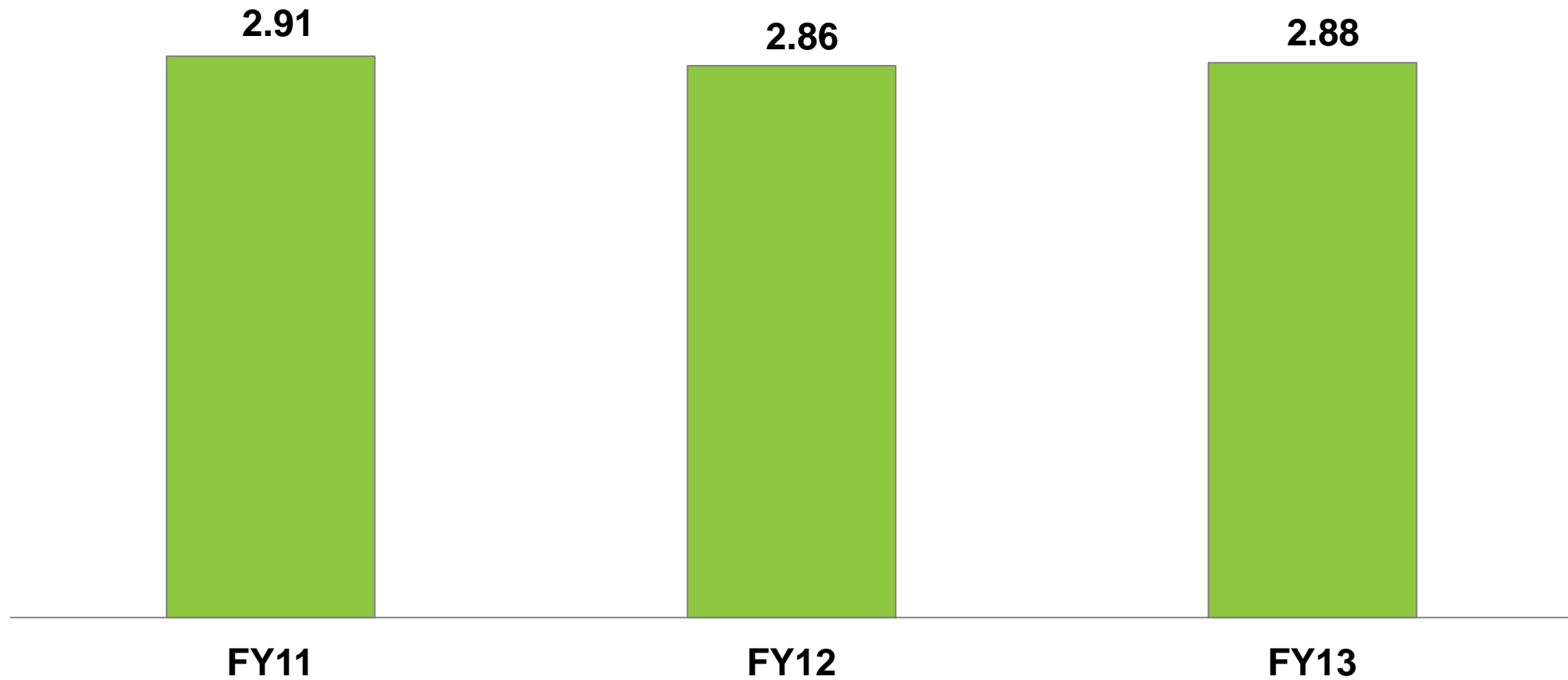
- Highly inelastic pricing in the industry
 - Necessity
 - Unfamiliarity
- H&R Block Pricing Strategy
 - Simplification
 - Value alignment
 - Tighter discounting controls



Align price and value for **ALL** clients across the U.S.

Tax Services Segment Revenue

(\$ Billions)



- U.S. Assisted Tax Category
- HRB in the Category
- **Tax Season 2014 and Beyond**
 - Consistent Service Quality
 - Aligned Focus on Tax Plus Revenue

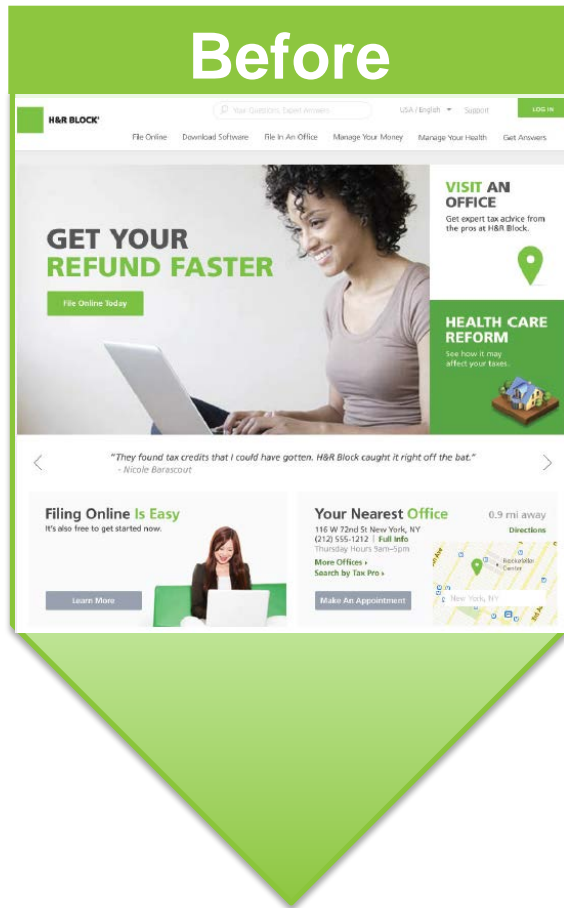
- U.S. Assisted Tax Category

- HRB in the Category

- Tax Season 2014 and Beyond
 - **Consistent Service Quality**
 - Aligned Focus on Tax Plus Revenue

Creating a Great Client Experience Through Consistent Service Quality

Making **key investments** to improve the client experience



Making *key investments* to improve the client experience

From



To



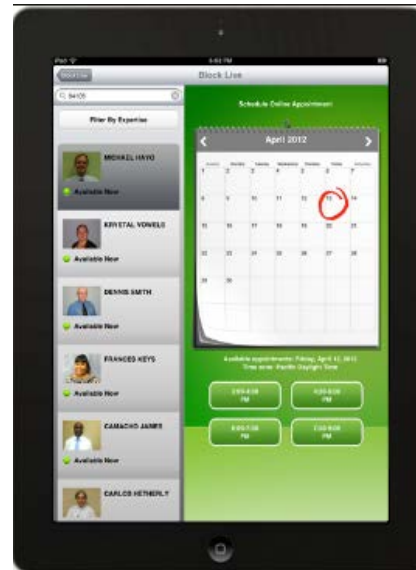
Redefining the Client Experience Through Technology Advances

The image displays three sequential screenshots of the H&R Block website, illustrating the evolution of the client experience:

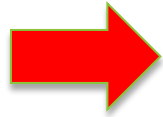
- Before:** The homepage features a large banner for "GET YOUR REFUND FASTER" with a woman at a laptop. Other sections include "VISIT AN OFFICE", "HEALTH CARE REFORM", "Filing Online Is Easy", and "Your Nearest Office".
- During:** A personalized dashboard for "RYAN" with a "Welcome, RYAN!" message. A prominent "Review Tax Return" button is shown. The dashboard includes sections for "My Tax Checklist", "H&R Block Emerald Card", "Access Your Tax Return", and "My Documents".
- After:** The same dashboard as "During", but with the "Review Tax Return" button replaced by a "Schedule an Appointment" button, indicating the next step in the process.

Innovation through technology

Technology enables a great client experience

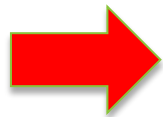


Technology Innovation – hrblock.com Redesign



H&R BLOCK USA / English Support SIGN IN

File Online Download Software File In An Office Manage Your Money Manage Your Health Get Answers



H&R BLOCK EMERALD ADVANCE®

You could get up to \$1,000 with an Emerald Advance®

[Learn More](#)

DOWNLOAD TAX SOFTWARE

Rated 4.6 out of 5 in overall satisfaction by our customers.

★★★★★

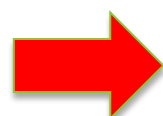
[Find Your Best Product >](#)

DISCOVER HELPTH™

Let us help you understand health insurance.

[Get helpth Now >](#)


< "This was by far the easiest tax preparation online software that I have used. Would highly recommend to friends and family."
- spider61 (Basic user) >



Filing Online Is Easy

It's also free to get started now.

[Learn More](#)



Your Nearest Office


1.53 miles away

151 S 18TH STSTE J
KANSAS CITY, KS 66102
913-371-3180 | More Info
Today's Hours: Closed

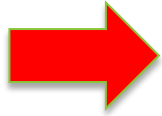
[Make An Appointment](#)

[Reschedule Appointment](#)

Find Another Location



Easy Access to Information – Retail Landing Page



H&R BLOCK TAX PROS CONVENIENT EXPERTISE

With millions of hours of training each year, our H&R Block Tax Professionals can help with nearly any tax situation.



Get Help

from our seasoned tax professionals.

Walk-In

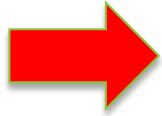
or drop-off for your convenience.

Schedule

an appointment or find an office and go.

File

and relax, your return is in good hands.



Work with a Tax Pro

We can help with your unique tax situations.

- Find your current Tax Professional
- Search for the best tax pro for your needs
- Find appointment times that best fit your schedule

[Find A Tax Pro](#)



Your Nearest Office

151 S 18TH STSTE J
KANSAS CITY, KS 66102
913-371-3180 | [More Info](#)
Today's Hours: Closed

1.53 miles away

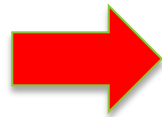
[Find Another Location](#)



[Make An Appointment](#)

[Reschedule Appointment](#)

Helping You Keep More Of Your Money



Personal Planning & Advice



Tax Refund & Payment Options



Year Round Services

Everyone knows April 15 is "tax



Integrated Solutions

Conveniently work with a Tax

Year-Round Relevancy – My H&R Block Overhaul

My H&R BLOCK

My Tax Pro
KEVIN SULLIVAN

Schedule An Appointment

Home

Tax Checklist

Tax Documents

Health Care

Help

Welcome, RYAN!

Find a convenient time to meet your tax professional

Schedule an Appointment

My Tax Pro
KEVIN SULLIVAN

816-854-5500

My Tax Checklist

A personalized tax checklist to help you prepare for this year's return.
Prepared for RYAN OSBORN

View Checklist

H&R Block Emerald Card

Access Your Emerald Card Anytime

View

My Card isn't listed | Questions?

Health Care & Taxes

What do taxes have to do with health care? A lot. We'll explain.

Approve Return From Home

Visit the tax office briefly and approve your tax return from the comfort of home.

Access Your Tax Return

View and Print copies of your current and prior year tax returns.

Access Tax Returns

My Documents

Upload your tax documents to get ready for tax preparation.

My W-2 My 1099 My 1099-R

Upload Documents

- U.S. Assisted Tax Category
- HRB in the Category
- Tax Season 2014 and Beyond
 - Consistent Service Quality
 - **Aligned Focus on Tax Plus Revenue**



Defining Tax Plus Revenue

- It all starts with taxes...
- It all starts with taxes...
- It all starts with taxes...

Plus

Refund Transfer
PAY NOTHING OUT OF POCKET
WITH A REFUND ANTICIPATION CHECK

Emerald Card
GET IT! USE IT! LOVE IT!

Peace of Mind

Emerald Advance
YOU COULD GET UP TO \$1000
WITH AN EMERALD ADVANCE*

TAX+

TAX+
Revenue

Enabling Tax Plus Through Technology

Re-Positioned
Emerald Card
+ Refund
Transfer

IF YOU ARE GETTING A REFUND, WOULD YOU LIKE TO GET IT ON AN EMERALD CARD? Read in Spanish

H&R Block Emerald Prepaid MasterCard®

- NO cost to get with tax prep and one of the fastest ways to get a refund
- NO monthly activity fees or overdraft fees like many checking accounts
- One of the most recommended prepaid cards
- Get H&R Block Emerald Cash RewardsSM offers at participating retailers [More about the Emerald Card](#)

Direct Deposit
into your bank account

Printed Check
mailed to your home

Do You Owe the IRS?
If you do, there are several ways that you can pay. Your Tax Professional will discuss these options.

Emerald Card and Bank Products
Are you interested in learning about or determining your eligibility for banking products and services? Y/N

HOW WOULD YOU LIKE TO PAY? Read in Spanish

Pay Today With Personal Funds
• Cash, Check, Credit or Debit Card

Pay Nothing Out-of-Pocket
• Convenient – use a refund to pay your feesSM
• Receive an email when your money is available

Refund Anticipation Check (RAC)
Are you interested in learning about or determining your eligibility for refund anticipation checks?
*Requires purchase of a Refund Anticipation Check (RAC), for which a temporary bank account is required and fees apply. Y/N

...Simplified
POM screens

H&R Block Peace of Mind

Benefits Included with Your Tax Return	Peace of Mind® Extended Service Plan
As part of your tax preparation service, you'll receive the H&R Block Promise:	For additional coverage, you can purchase Peace of Mind:
<p>The H&R Block Guarantee: We will pay penalties and interest due to an H&R Block error We will assist you with your 2013</p> <p>The Maximur We will get you the entitled</p>	<p>For Only \$ 35.00</p> <p>Reimbursement As assessed will pay those taxes</p> <p>will represent in audit. Peace of Mind</p> <p>3-year Coverage Your return is covered for three years</p> <p>Comparison Chart</p>
Do you want to purchase the Peace of Mind® Extended Service Plan for an additional \$ 35.00? <input checked="" type="checkbox"/> (Y/N)	

- Customized client experience
- Leveraging data
- Improved product positioning

Getting *Emerald Cards* into the hands of our associates...

- Rewards to promote **associate usage**
- Enhanced tax professional **compensation**
- Field **incentives**

**GET IT! USE IT!
LOVE IT!**



- Enhance the client experience through **Consistent Service Quality**
- Innovation through **technology**
- Singular focus on **Tax Plus** revenue growth





H&R BLOCK[®]

Jason Houseworth

President, Global Digital & Product Management

■ Digital Tax Category Overview

■ Where We've Been

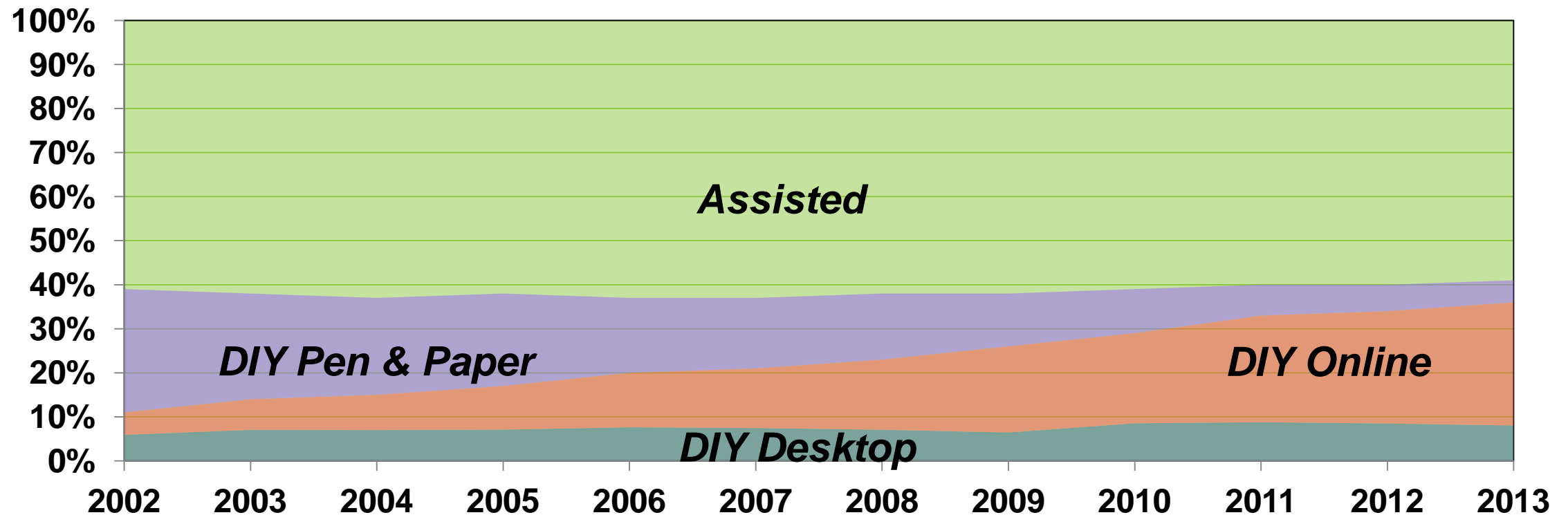
- Recent Performance
- Competitive Advantages

■ Looking Ahead – Tax Season 2014 and Beyond

- What's New for 2014
- Tax Plus
- Opportunities for Growth in 2015+

How Americans File Their Taxes

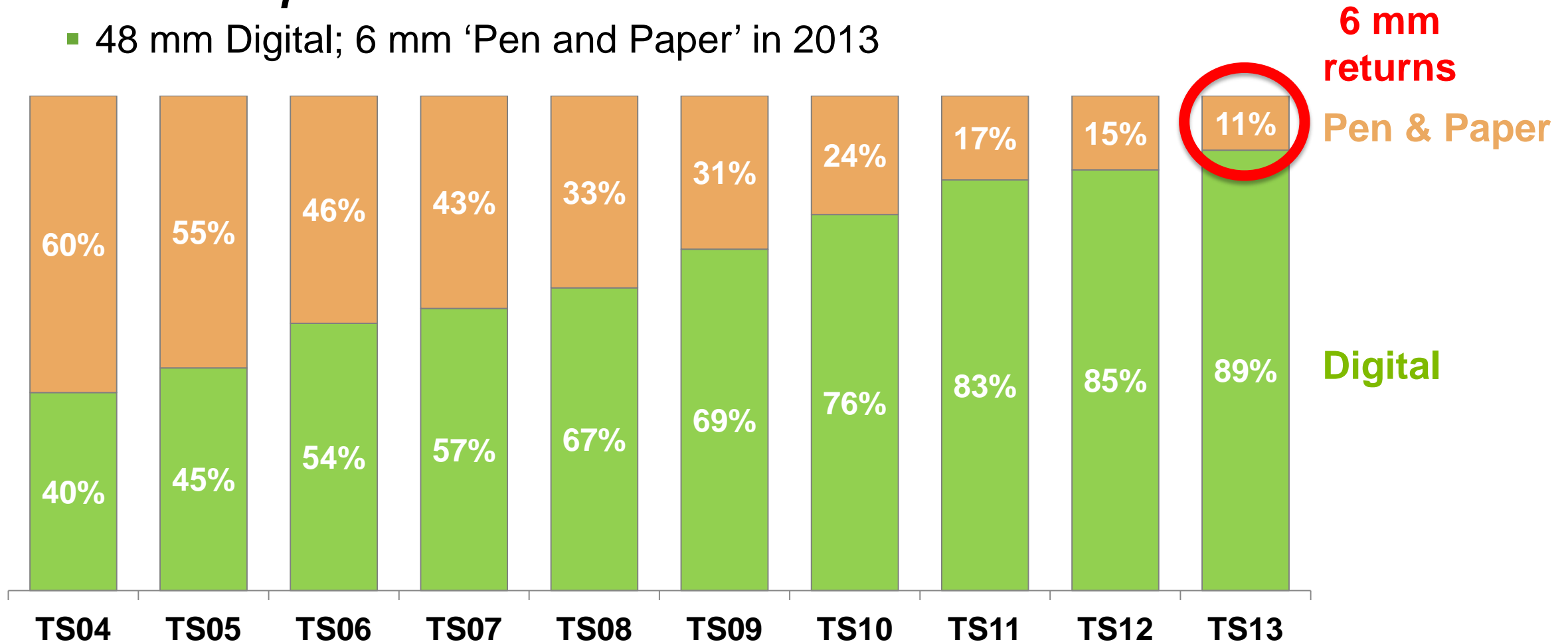
- Proportion of Assisted (~60%) vs. Do-It-Yourself (~40%) returns has remained relatively stable over the past decade
- Digital has grown at an 8% CAGR over the last four years at the expense of DIY pen & paper



U.S. Do-It-Yourself (DIY) Category

~40% of total U.S. tax filers choose DIY; growth of Digital due to the decline of Pen and Paper returns

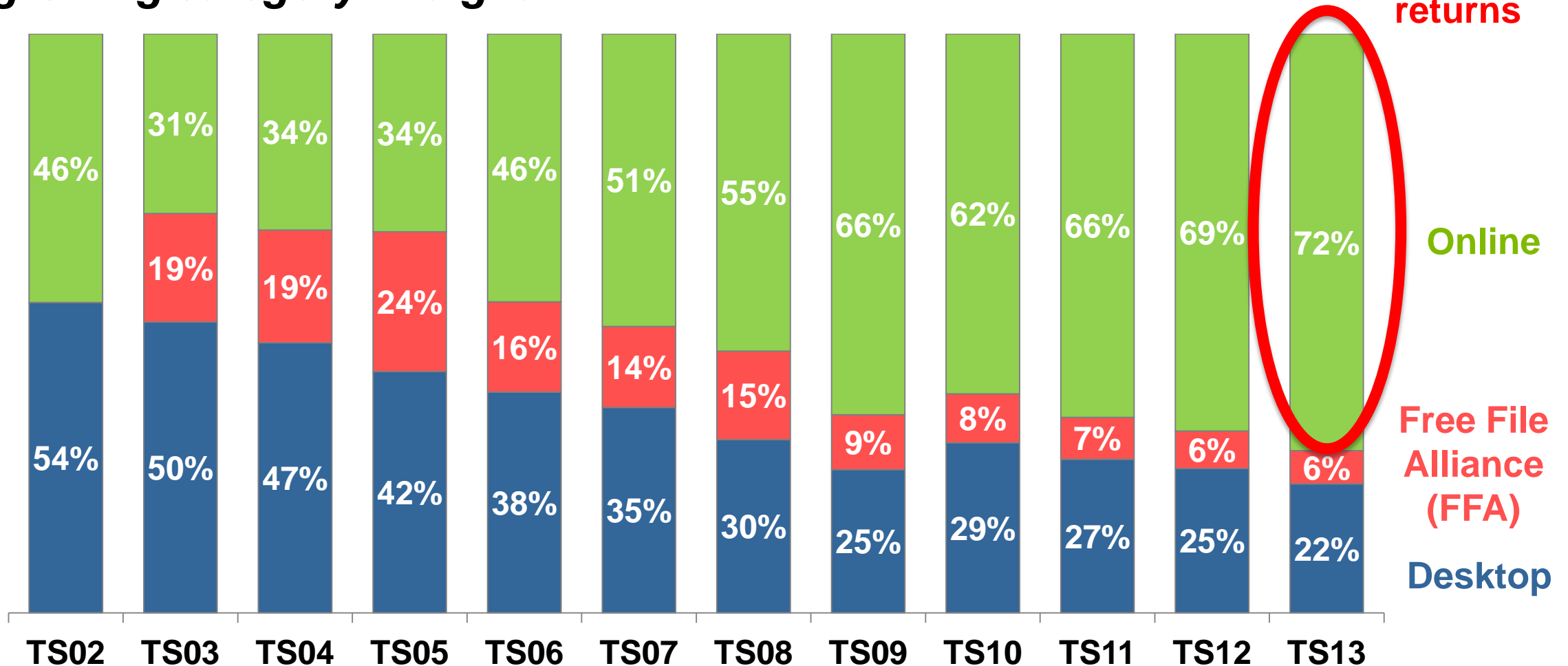
- 48 mm Digital; 6 mm 'Pen and Paper' in 2013



* Based on H&R Block estimates of market participants and IRS data

DIY Digital Tax Preparation Trends

Digital filers continue to migrate to Online, the largest and fastest growing category in digital

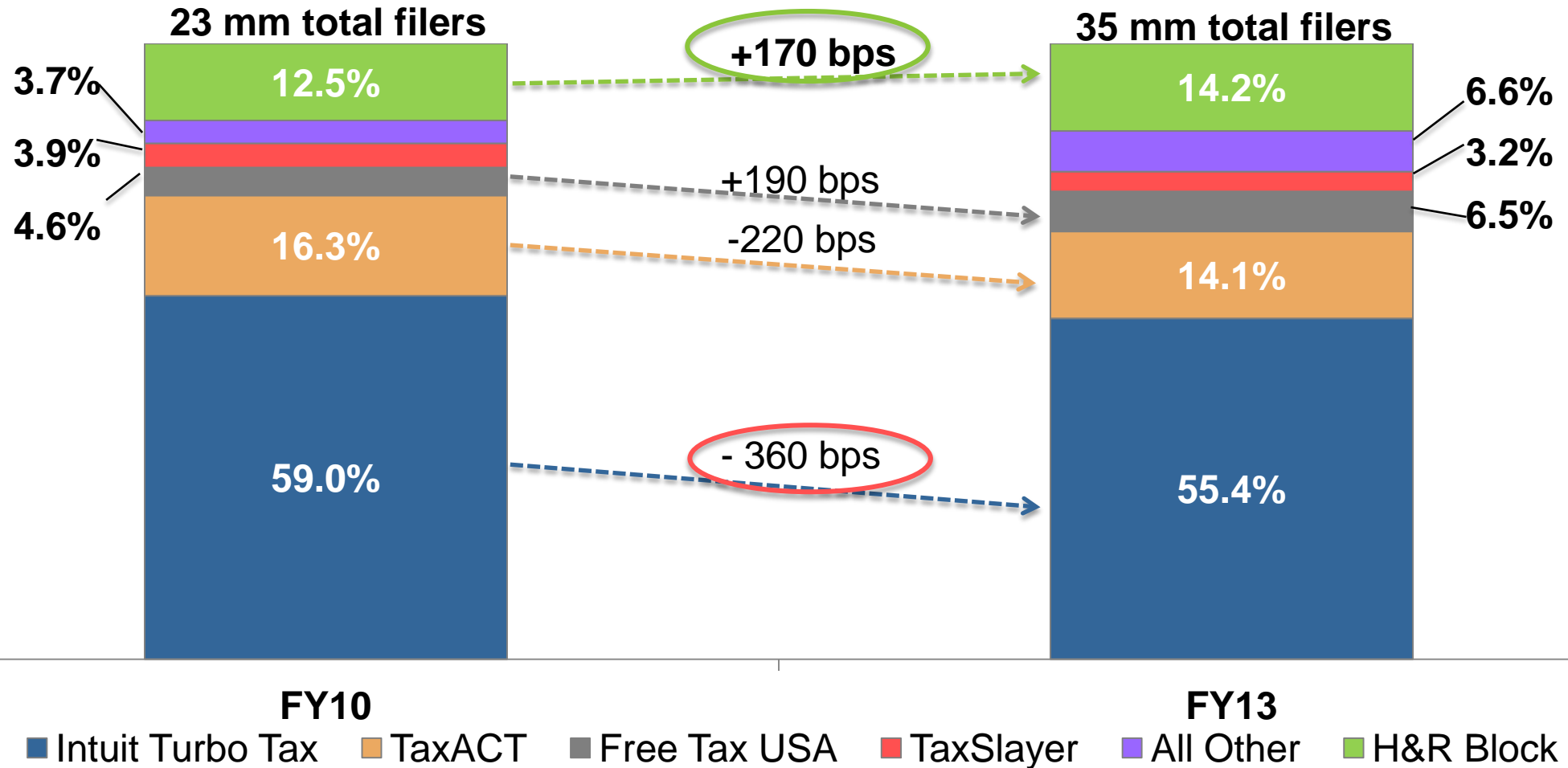


Note: Based on H&R Block estimates; Online Category includes Mobile.
Due to increased industry eFile adoption rates, Desktop share based on eFiles TS10-TS13

- **Digital Tax Category Overview**
- **Where We've Been**
 - **Recent Performance**
 - **Competitive Advantages**
- **Looking Ahead – Tax Season 2014 and Beyond**
 - What's New for 2014
 - Tax Plus
 - Opportunities for Growth in 2015+

Growing Category Share in Digital

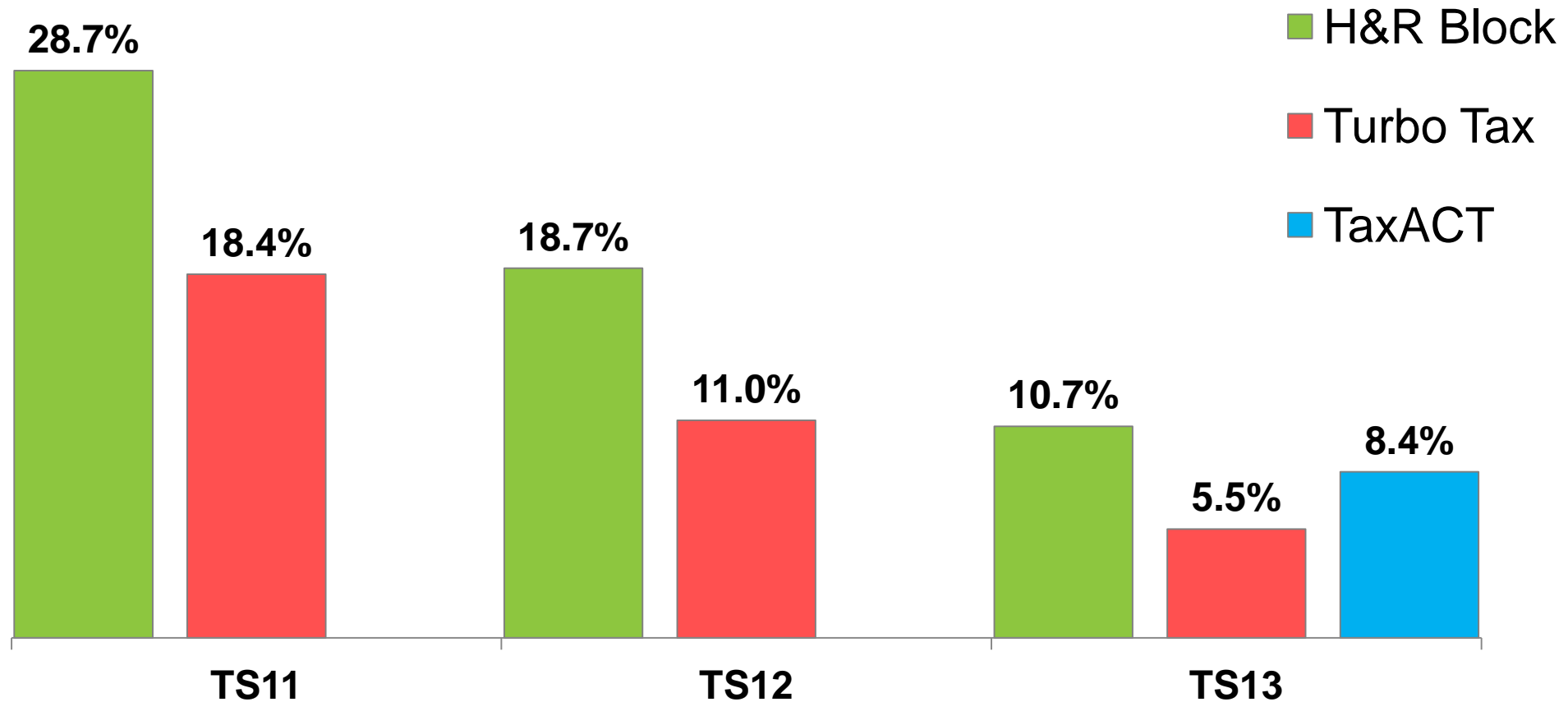
Share of U.S. Online Returns



Note: Based on H&R Block estimates; Online Category excludes Desktop (Digital) and Free File Alliance (FFA)

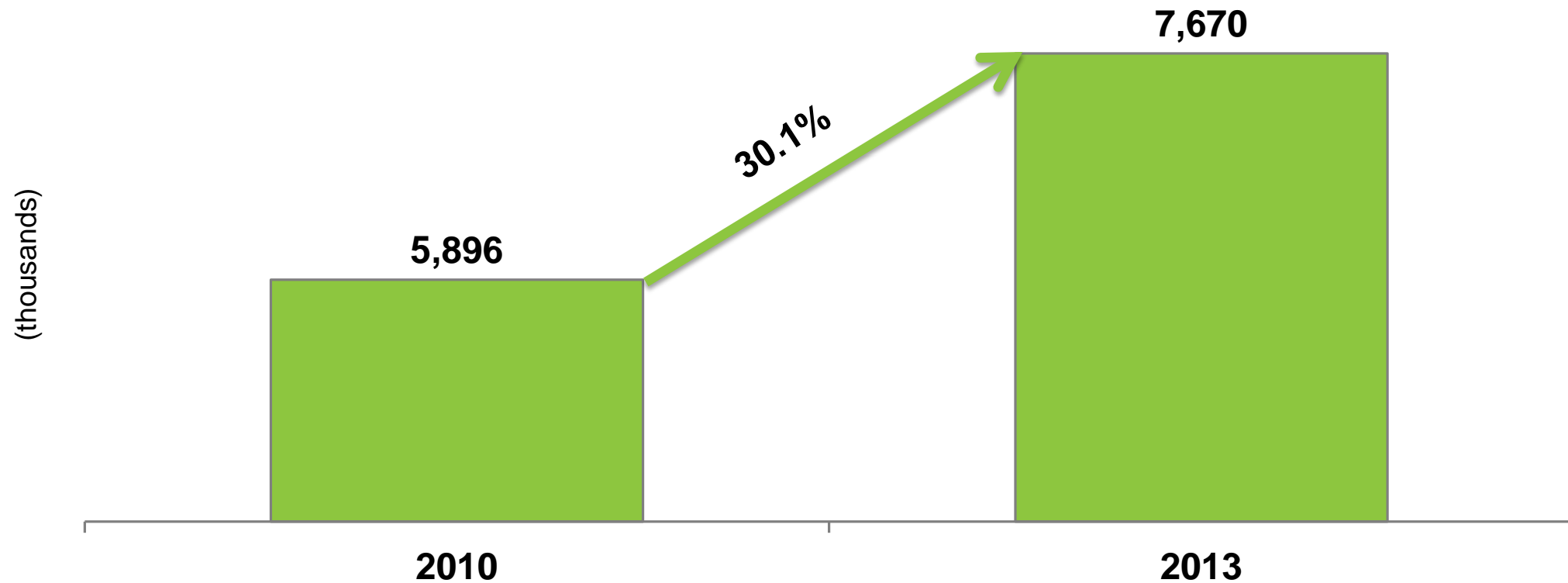
Outpacing Key Category Competitors

- H&R Block has outpaced all major competitors in online growth the last 3 seasons



- HRB digital returns up 1.8 mm or 30% since 2010
- Creating opportunities for Tax Plus revenue attach

HRB U.S. Digital Returns



Note: Based on H&R Block estimates and IRS Data

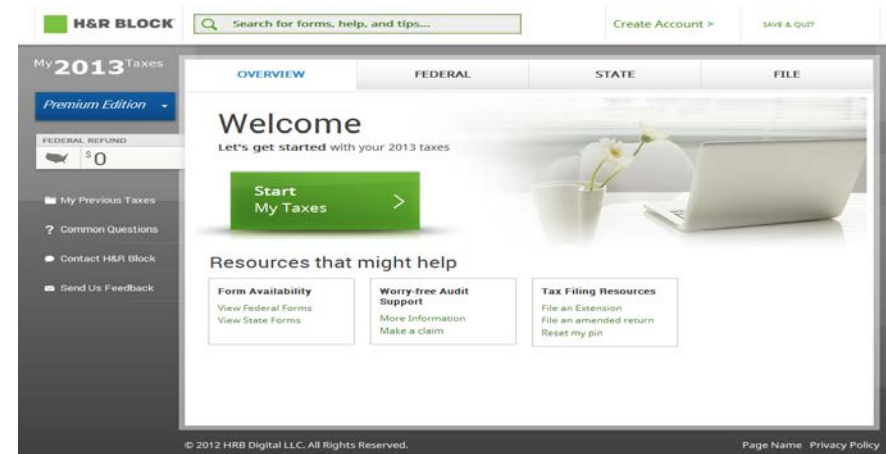
Why is HRB Outpacing the Category?



We look at your life through tax... and find ways to help

PURPOSE

Management Focus



Product Improvements



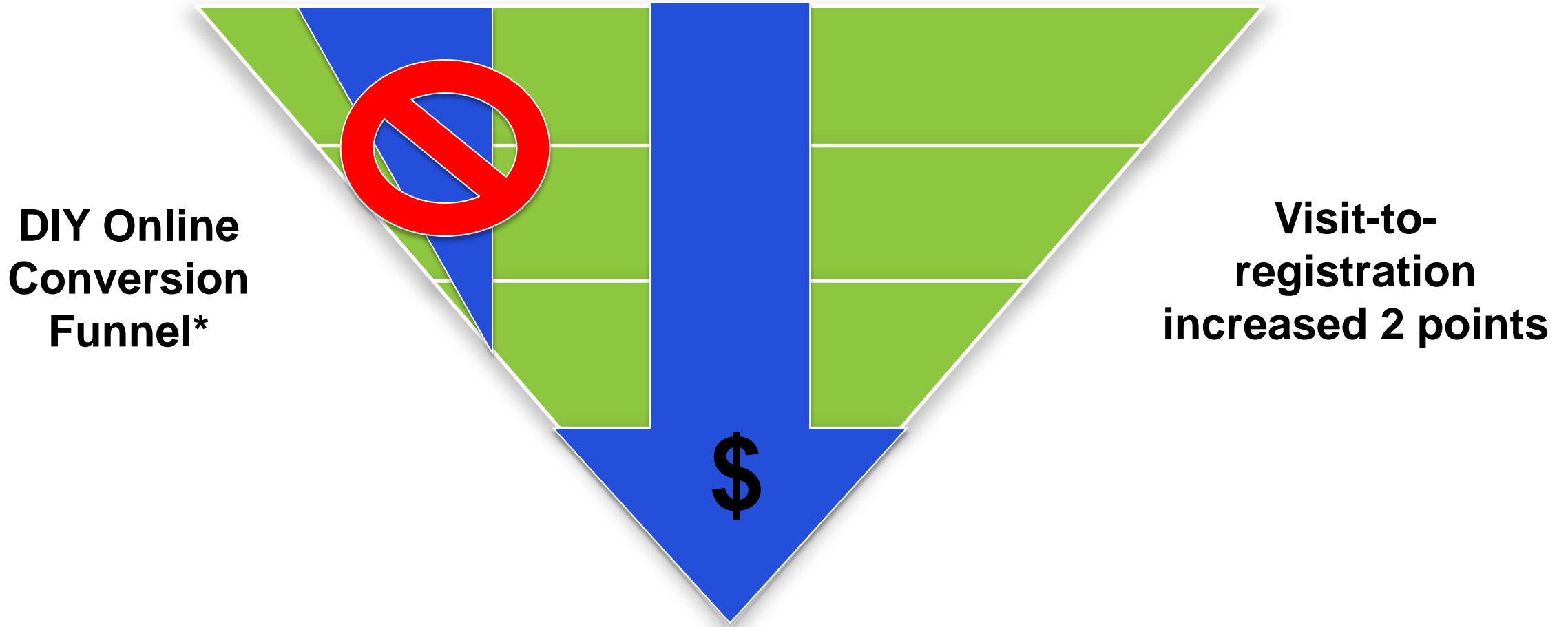
TAX SOFTWARE

Brand Awareness



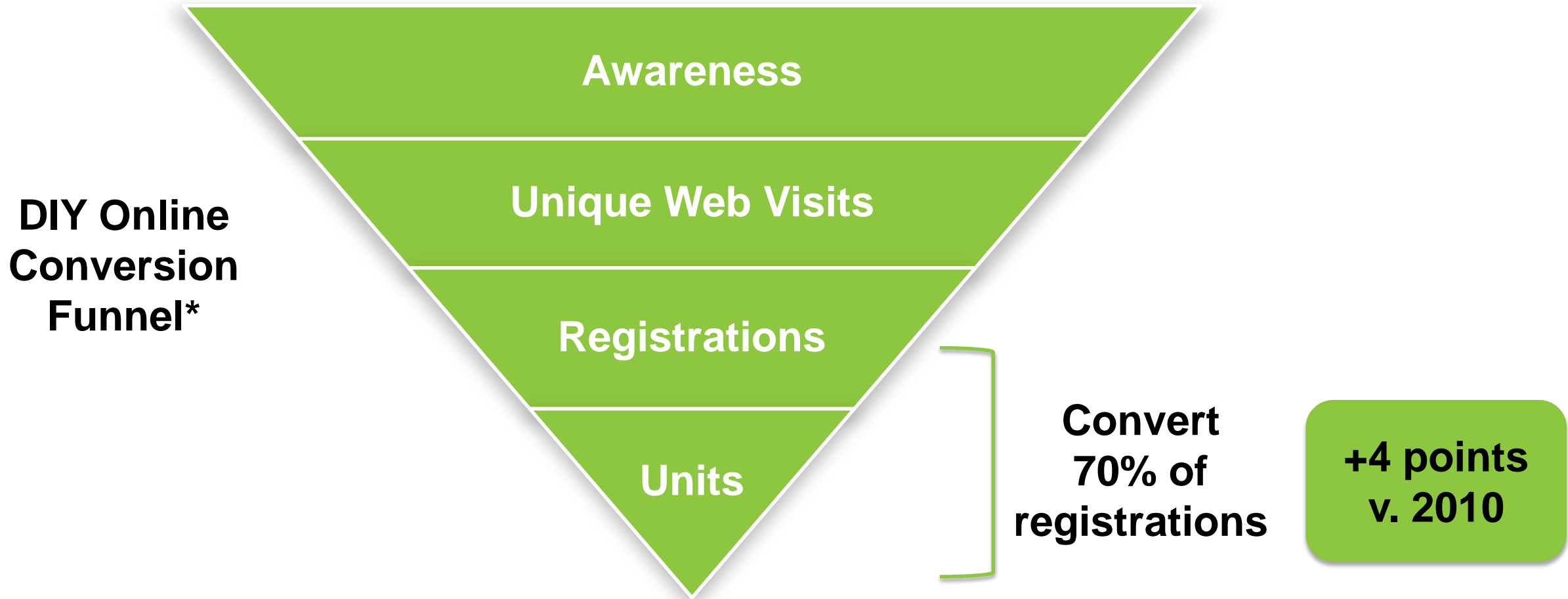
Marketing Sophistication

**Gaining more insights into which
web traffic is most valuable**



* Excludes Free File Alliance

Conversion Funnel Improvements



* Excludes Free File Alliance

- **Digital Tax Category Overview**
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 - **Opportunities for Growth in 2015+**

New for DIY Tax Services in 2014

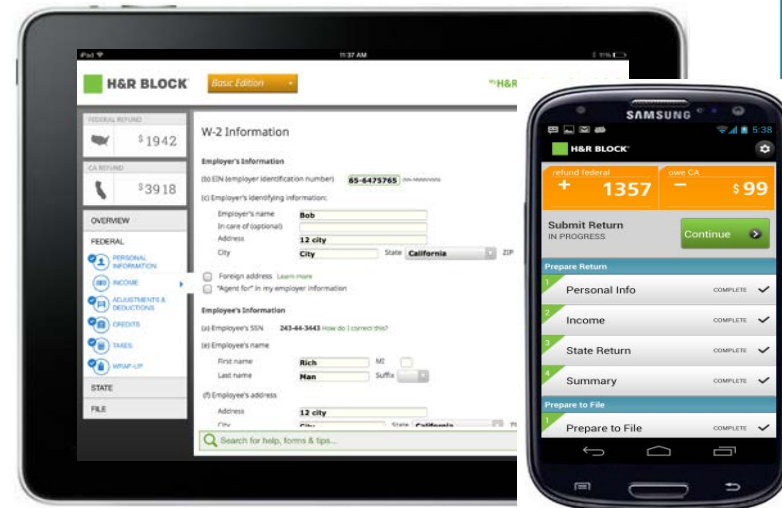
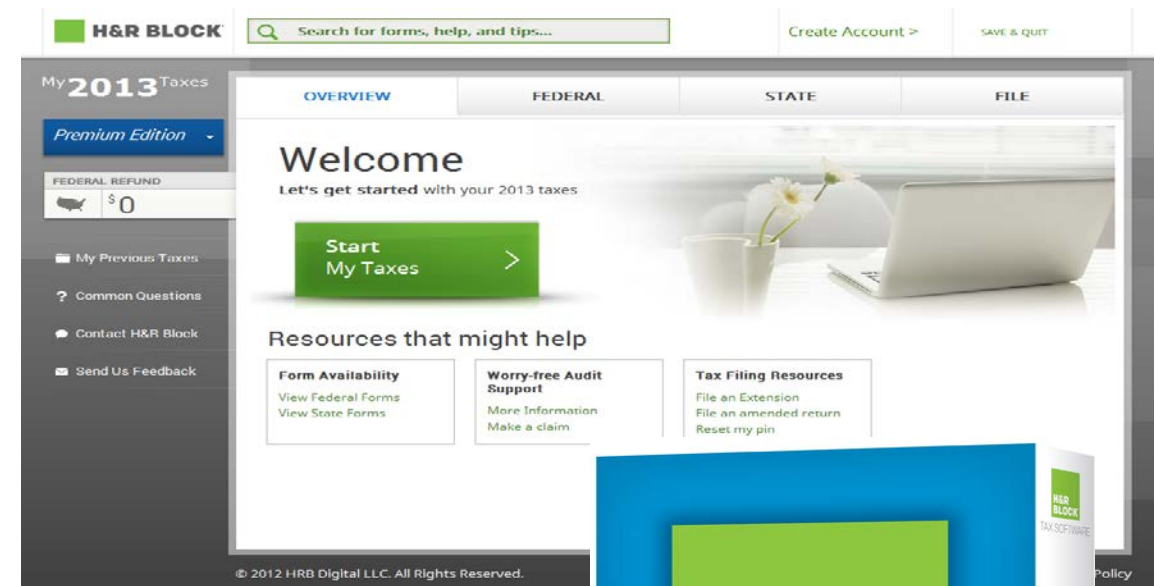
■ New design – inside and out

- Software
- hrblock.com
- Online
- iPad

■ Unlimited live expert advice

■ Tax Plus improvements

■ Mobile enhancements



New packaging creates strong brand billboard



Home | Tax Filing | Banking | Mobile | Tax Answers | Why H&R Block | My Account LOGIN

H&R BLOCK® FIND AN OFFICE Address, City, State or Zip SEARCH Search

FILE ONLINE | FILE IN AN OFFICE | FILE WITH BLOCK LIVE | TAX CALCULATORS & TIPS | SUPPORT | OUR MISSION

Don't waste time driving to the bank.

Load money directly from your check to your H&R Block Emerald Prepaid Mastercard® with check to card.

Learn More

File Online Now
Choose the right product for you

File in an Office
Search by location or tax professional

Best for First Time Tax Filers	Best for Simple Tax Situations	Best for Homeowners/Investors	Best for Self-employed/Rental Property Owners
FREE EDITION	BASIC \$34.95	DELUXE \$49.95	PREMIUM \$74.95
Start Now	Start For Free	Start For Free	Start For Free
★★★★★ 1787 customer reviews	★★★★★ 988 customer reviews	★★★★★ 760 customer reviews	★★★★★ 215 customer reviews
Pay when you're satisfied	Pay when you're satisfied	Pay when you're satisfied	Pay when you're satisfied
<p>"Very easy to use. Have always used TurboTax but was pleasantly surprised by H&R Block's product." —steve84</p>	<p>"Goodbye to TurboTax. I have been an avid and loyal TurboTax user since 1999. However, this year I decided to use the H&R Tax Program to complete my taxes. I am glad I took the advice of my friends — I WILL NEVER go back to using TurboTax." —CANDICE</p>	<p>"Better than TurboTax. If you haven't given H&R Block a try, then you are spending too much time on taxes and not enough time with family. I'm so glad I switched over!" —UniverseTrends</p>	<p>"Clear, understandable, helpful and to the point. H&R Block does a great job of filtering through federal and state tax reporting requirements and present the requirements in sound-byte type menus for the consumer." —Worldwidet</p>

FILING TAXES ONLINE HAS NEVER BEEN EASIER

"This program was so easy and fast to use, you can check the status of your refund at any time, helpful assistance when you call with a question and so satisfied with the results!"

- CDD62



Find The Right Online Version For You

[Help Me Choose ▶](#)

H&R BLOCK PREMIUM

\$74.95

Best for the self-employed or rental property owners

[Learn More ▶](#)[Start For Free](#)

Get everything in DELUXE, plus:

- Maximize business deductions (Schedule C)
- Guidance for rental property income (Schedule E)

H&R BLOCK DELUXE

\$49.95

Best for homeowners or investors

[Learn More ▶](#)[Start For Free](#)

Get everything in BASIC, plus:

- Guidance on home mortgage interest
- Help with your investments and dividends

H&R BLOCK BASIC

\$34.95

Best for simple tax situations

[Learn More ▶](#)[Start For Free](#)

Get everything in FREE, plus:

- Import of your W2, 1099, and last year's tax return from H&R Block®, TurboTax® and TaxAct®

H&R BLOCK FREE

Best for first-time tax filers

[Learn More ▶](#)[Start For Free](#)

With FREE you get:

- FREE tax prep, FREE printing and FREE e-file
- FREE, in-person audit support

H&R BLOCK At Home[™] Basic

Take Me To Find a Form Bookmarks Print Returns Create Account Save & Quit

Main Menu Federal State File

\$0
Federal Refund

Never Settle For LessSM

Welcome to H&R Block At Home. We'll help you prepare your taxes and make sure you get your maximum refund — guaranteed.

Begin

- 1 Prepare Returns**
We'll work together to get your federal and any state returns ready.
- 2 File Returns**
Once your returns are all set, we'll help you e-file or print and mail.
- 3 Check Status**
Come back to make sure the IRS and state tax office accepted your returns.

My Alerts

- Take our new features tour
- View federal forms' availability
- View state availability

Tax Resources

- Reset My PIN
- File an amended return
- View tax law videos
- View how-to videos

Help Center

Search for help...

Common Questions

- What should I do if I haven't completed my 2011 or other prior-year returns?
- Why can't I find my prior-year return?
- How can I enter my information using Find a Form? (video)
- How can I search for information in the Help Center? (video)
- How do I print my prior-year

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My **2013** Taxes

Premium Edition ▾

FEDERAL REFUND
 \$0

- My Previous Taxes
- ? Common Questions
- Contact H&R Block
- Send Us Feedback

[OVERVIEW](#) [FEDERAL](#) [STATE](#) [FILE](#)

Welcome

Let's get started with your 2013 taxes

[Start My Taxes](#) >



Resources that might help

- | | | |
|--|---|--|
| Form Availability
View Federal Forms
View State Forms | Worry-free Audit Support
More Information
Make a claim | Tax Filing Resources
File an Extension
File an amended return
Reset my pin |
|--|---|--|

H&R BLOCK® | Experience Lab



New TS14 Online Product Design

H&R BLOCK Search for forms, help, and tips... Create Account > SAVE & QUIT

My **2013** Taxes

Premium Edition ▾

FEDERAL REFUND

USA \$ 0

My Previous Taxes

Common Questions

Contact H&R Block

Send Us Feedback

OVERVIEW FEDERAL FILE

Welcome

Let's get started with your 2013 taxes

Start My Taxes >

Resources that might help

Form Availability View Federal Forms View State Forms	Worry-free Audit Support More Information Make a claim	Tax Filing Resources File an Extension File an amended return Reset my pin
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New TS14 Online Product Design

H&R BLOCK Search for forms, help, and tips... Create Account > SAVE & QUIT

My **2013** Taxes

Premium Edition

FEDERAL REFUND \$0

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OVERVIEW FEDERAL STATE FILE

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New TS14 Online Product Design

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My **2013** Taxes

OVERVIEW FEDERAL STATE FILE

Premium Edition

Premium Edition

Best for
Self-employed or Rental Property Owners

\$74.95
Pay when you're satisfied.

Send Us Feedback

Start your taxes

resources that might help

- Form Availability**
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My **2013** Taxes

Premium Edition

FEDERAL REFUND \$0

My Previous Taxes

? Common Questions

Contact H&R Block

Send Us Feedback

H&R BLOCK Search for forms, help, and tips... Create Account > Heather SAVE & QUIT

OVERVIEW **FEDERAL** STATE FILE

PERSONAL INFORMATION INCOME ADJUSTMENTS & DEDUCTIONS CREDITS TAXES WRAP-UP

Wages, Salaries, and Tips From W-2 Form W-2

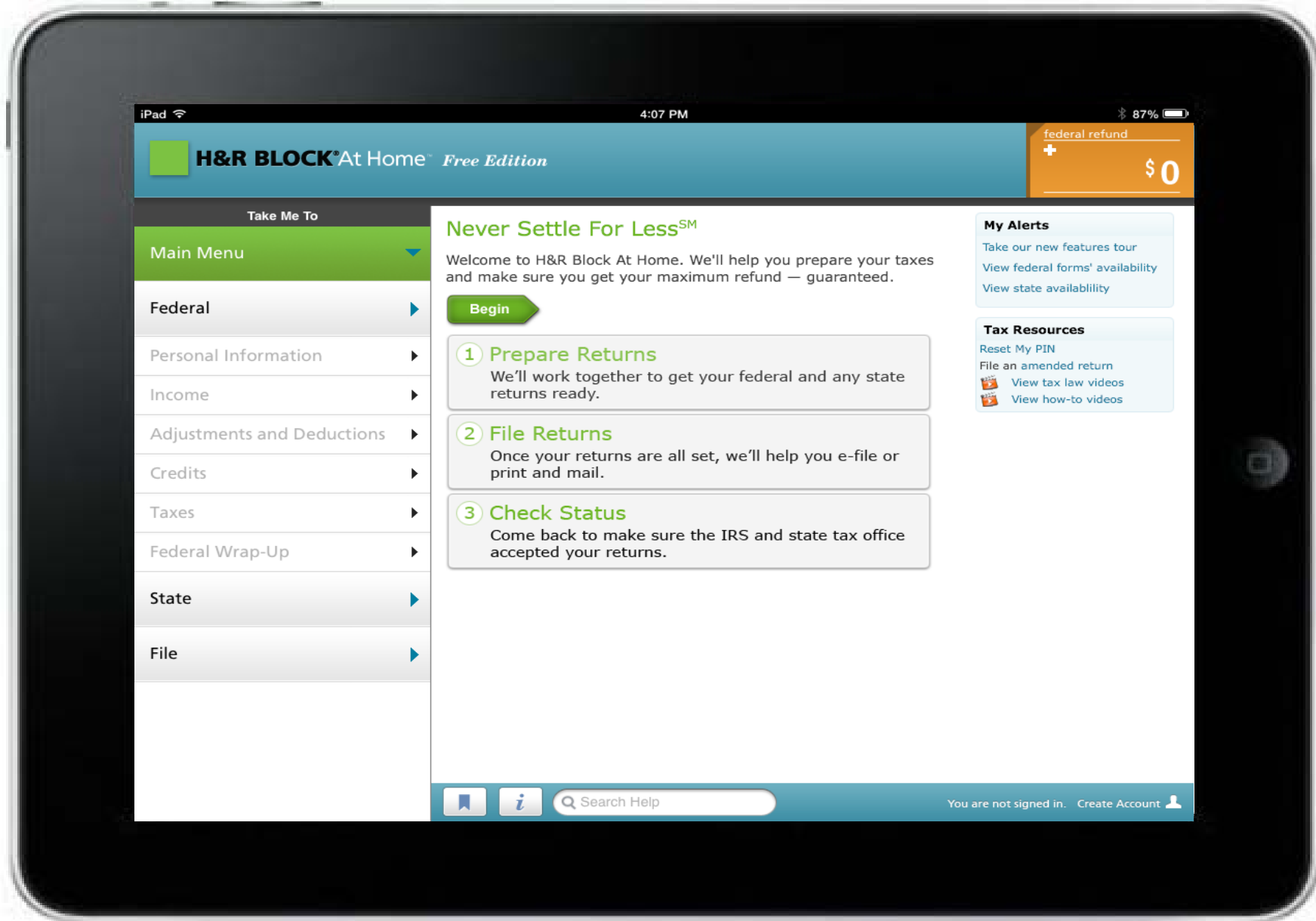
Tell us about any new W-2s. This includes scholarship income and combat or military pay. We'll ask about self-employment and retirement income later.

You can import after 01/07/2014.

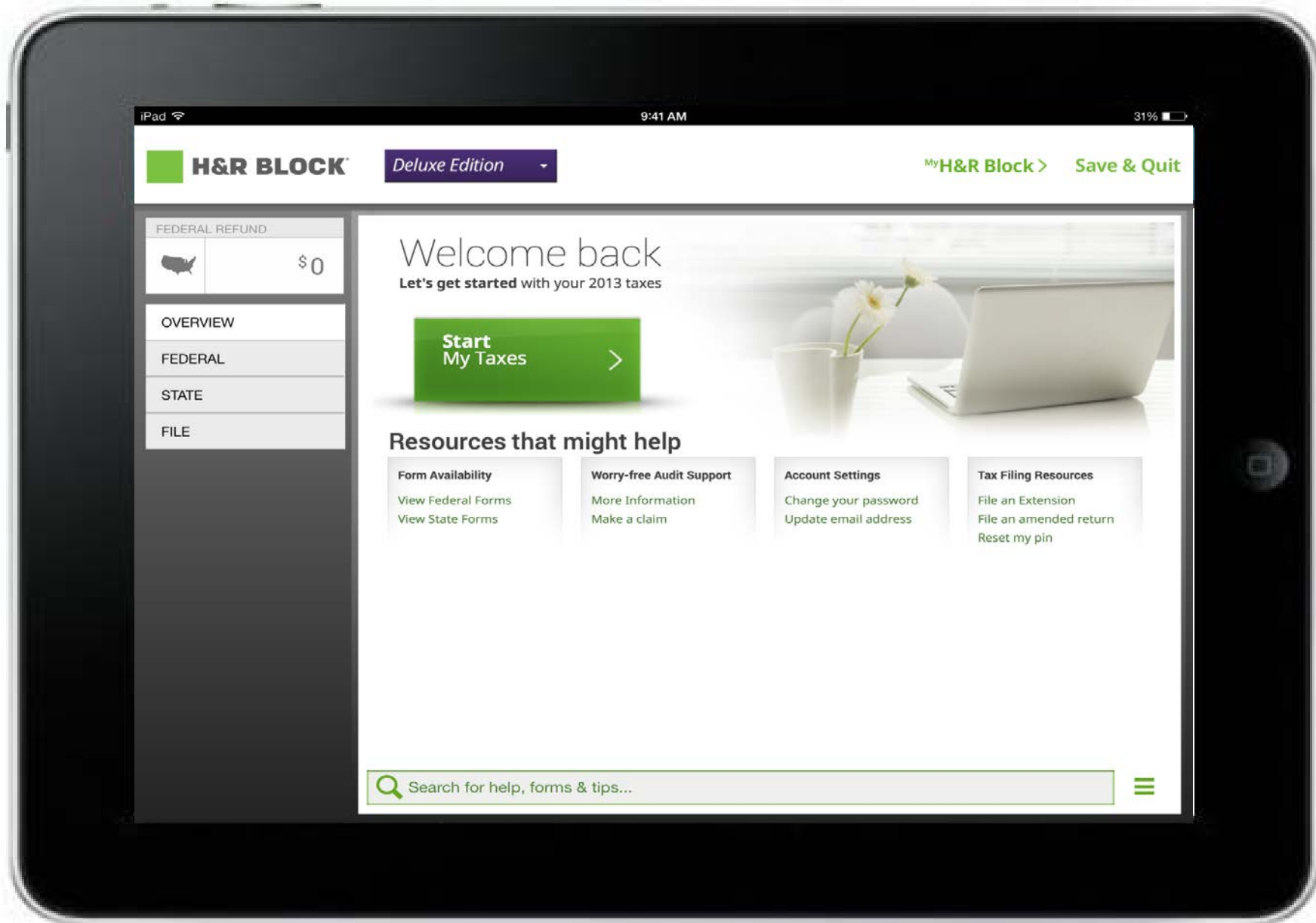
+ Add New W-2

Employer	Employee	Wages
.....
.....
.....
.....
	Total	\$0

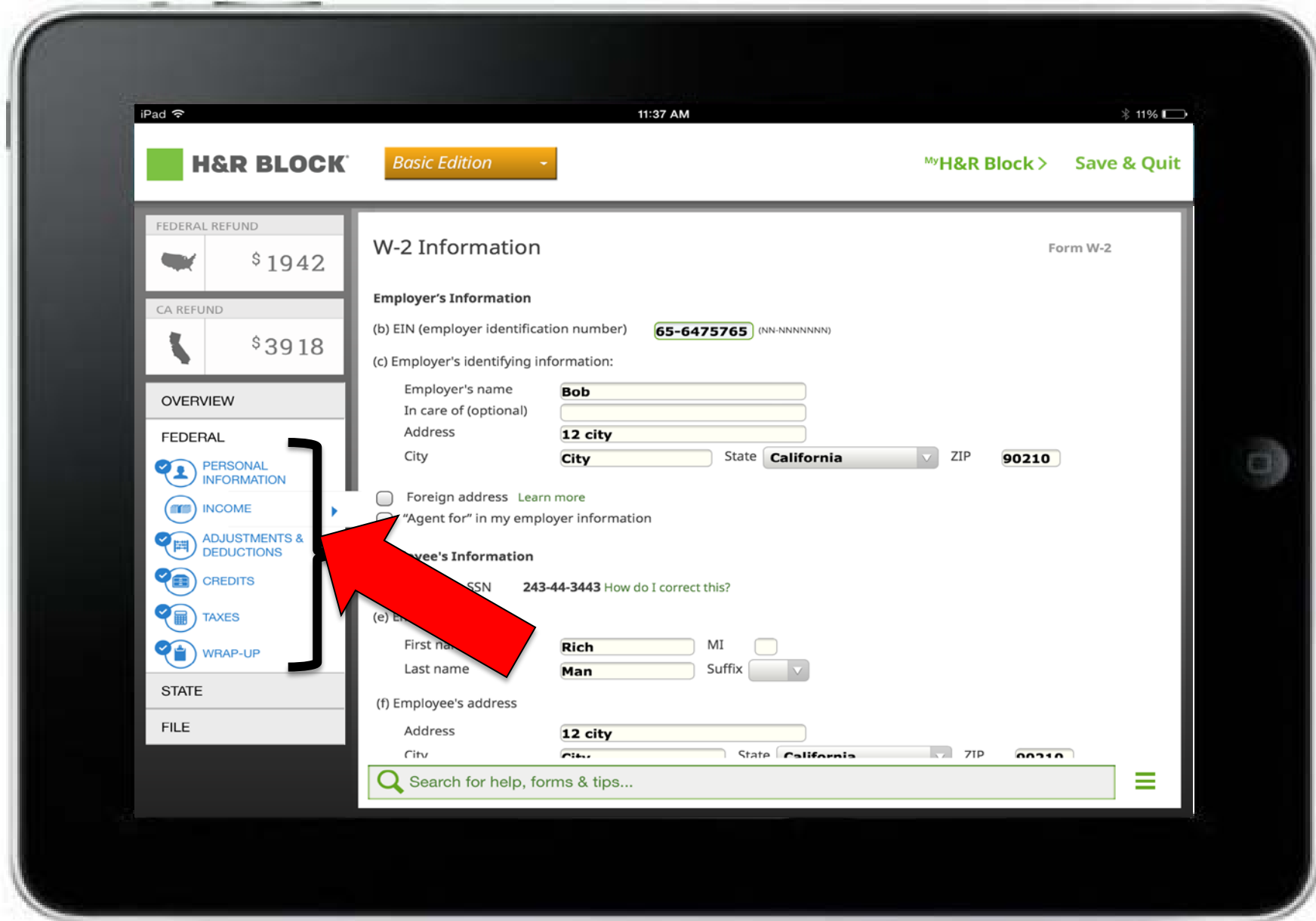
TS13 iPad Product Design



New TS14 iPad Product Design



New TS14 iPad Product Design



Tax Plus: Emerald Card (Second Year)

My **2013** Taxes

Free Edition

FEDERAL REFUND

\$1,231

My Previous Taxes

Common Questions

Contact H&R Block

Send Us Feedback

Get your refund quickly and securely

With one of the most highly recommended prepaid cards.



EXCLUSIVELY
FROM H&R BLOCK

H&R Block Emerald Prepaid Mastercard®

Three great reasons to choose an Emerald Card



It's one of the fastest ways to get your refund and there's **no cost** to get the card with tax prep.



Unlike many checking accounts, there are **NO overdraft fees** and **NO monthly activity fees**.*



Always know your balance and available **Emerald Cash Rewards**™ with the **Emerald Card Mobile Banking App**™.

Would you like to put your refund on an **Emerald Card**? [Learn More](#)

[Learn more about Emerald Card](#) | [See fees that may apply](#)

Yes, please
put my refund on
an **Emerald Card.**



No Thanks. I want to get my refund by **direct deposit** or **check.** >

*For a full schedule fees, see cardholder agreement.

The H&R Block Emerald Prepaid MasterCard is issued by H&R Block Bank, a Federal Savings Bank, Member FDIC, pursuant to a license from MasterCard International Incorporated. Additional fees, terms and conditions apply. MasterCard is a registered trademark of MasterCard International Incorporated. Not available to all locations and to all applicants. Consult your cardholder agreement for details on fees, terms and conditions. ©2013 HRB Tax Group, Inc.

H&R BLOCK Search for forms, help, and tips... Create Account > SAVE & QUIT

My **2013** Taxes
Deluxe Edition

FEDERAL REFUND
\$0

My Previous Taxes
Common Questions
Contact H&R Block
Send Us Feedback

Product Upgrade Required

Because you'll need Clergy Form (Publication 517) to complete your return, you must upgrade to Best of Both. Continue your return online today, then work with a local tax professional to complete this form and find any deductions you may have missed.

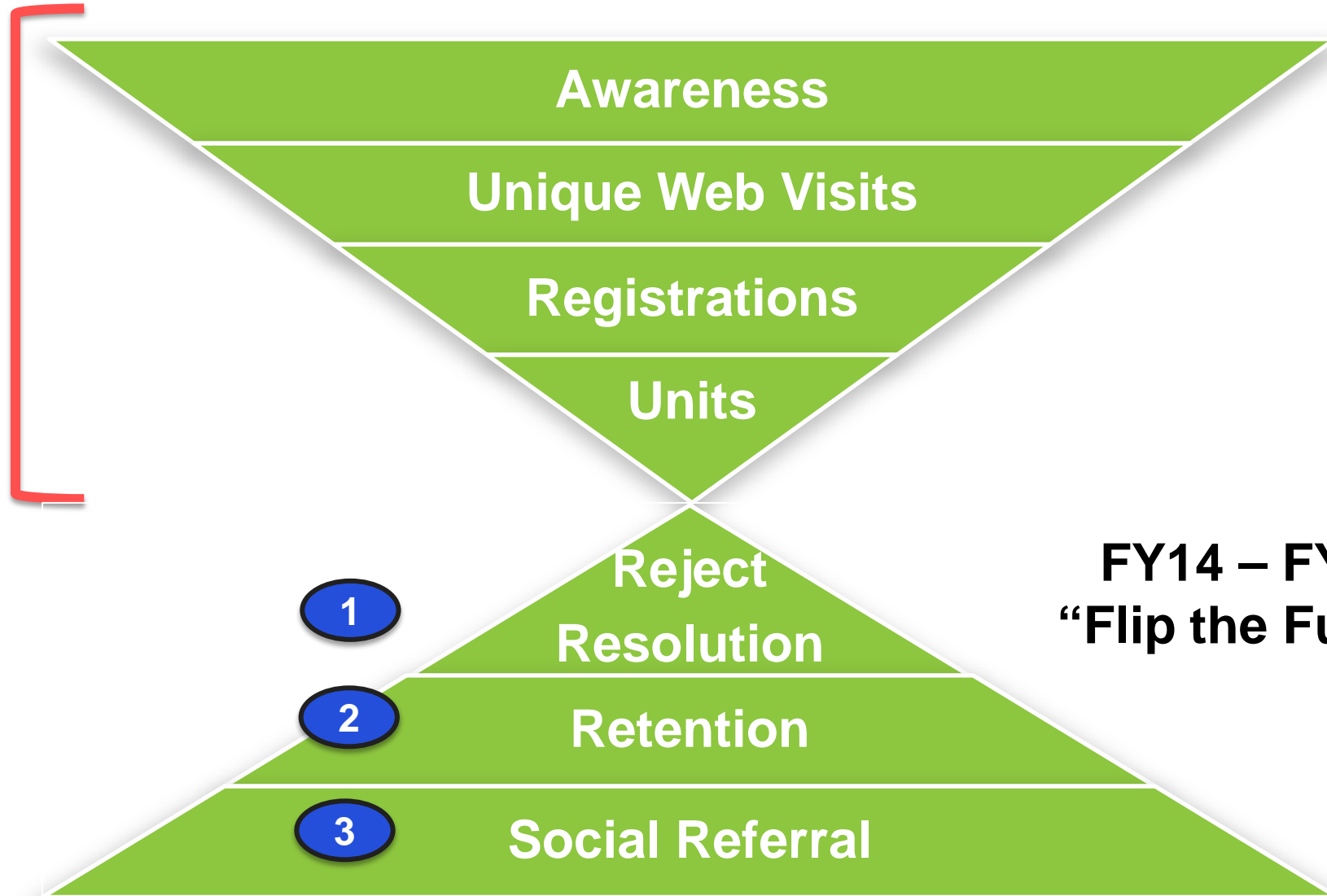
H&R Block Best of Both
Upgrade for \$34.99

- Step 1: Continue your return online.**
Questions? Get live, personal tax-filing advice from an H&R Block tax professional.
- Step 2: Choose an H&R Block tax professional.**
We'll help you select a tax professional to complete Clergy Form (Publication 517) and review your return.
- Step 3: Approve your return online:**
Once you approve, your tax professional will file your return.

< Back Continue on my Own Upgrade to Best of Both

Online Conversion Funnel

FY10 – FY13
“Fix the Funnel”



FY14 – FY15+
“Flip the Funnel”

- 1 Clients with an e-File Reject



- 2 H&R Block vs. Turbo Tax





Existing FB page has most followers (347K)
in the tax industry

Average FB user has 230 friends

Current followers create 80M brand
impressions

**H&R
BLOCK**

H&R Block

347,302 likes · 1,338 talking about this · 59,898 were here

- We are winning in the Digital category that counts – Online
- And expect this to continue
- We have the ability to offer a holistic combination of services that is *unmatched* in the category:
 - ✓ Audit protection and representation
 - ✓ “Paying fees with my refund”
 - ✓ Emerald Card
 - ✓ Serving them how they want to be served as complexity changes



H&R BLOCK[®]

Greg Quarles
President, Financial Services

- Financial Services Landscape
- H&R Block in the Market
- Tax Plus Overview
- 2014 and Beyond

The “Mass Banking” Challenge



100MM+ consumers at stake

- 68MM “strivers” (under-banked)
- Countless “angry-banked”

Under-served and over-charged by banks

- High overhead and legacy costs
- Lack of technology know-how

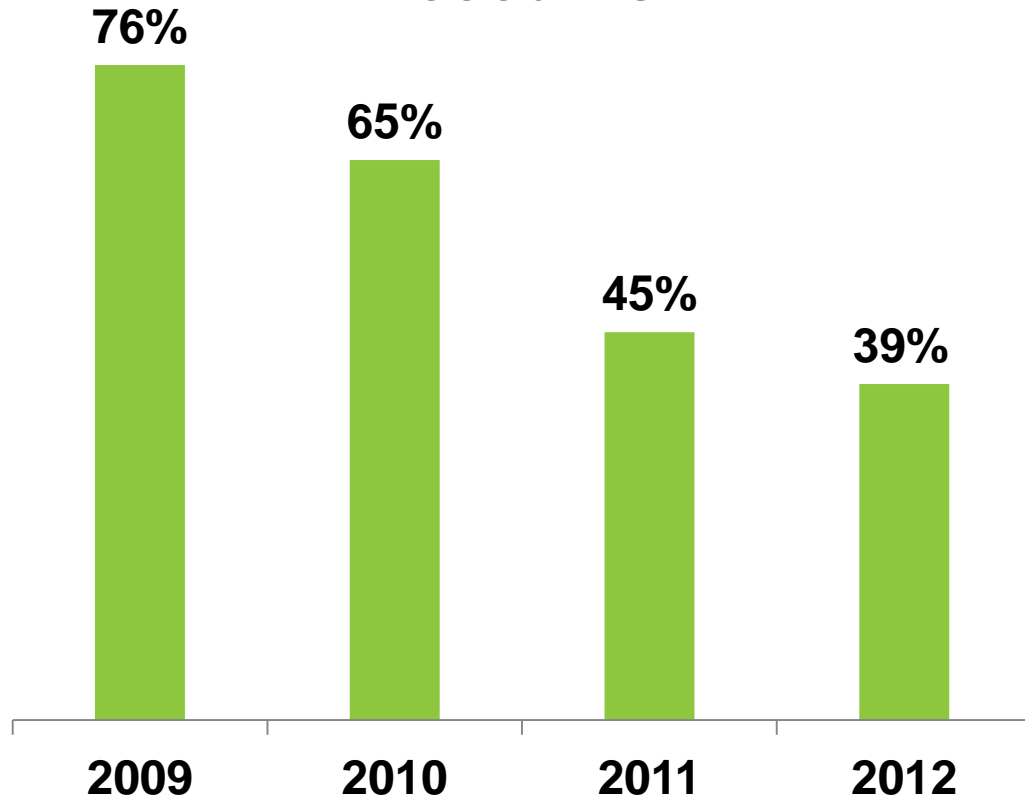
Mis-targeted by non-bank market players

Cool but gimmicky OR Short-term and limited

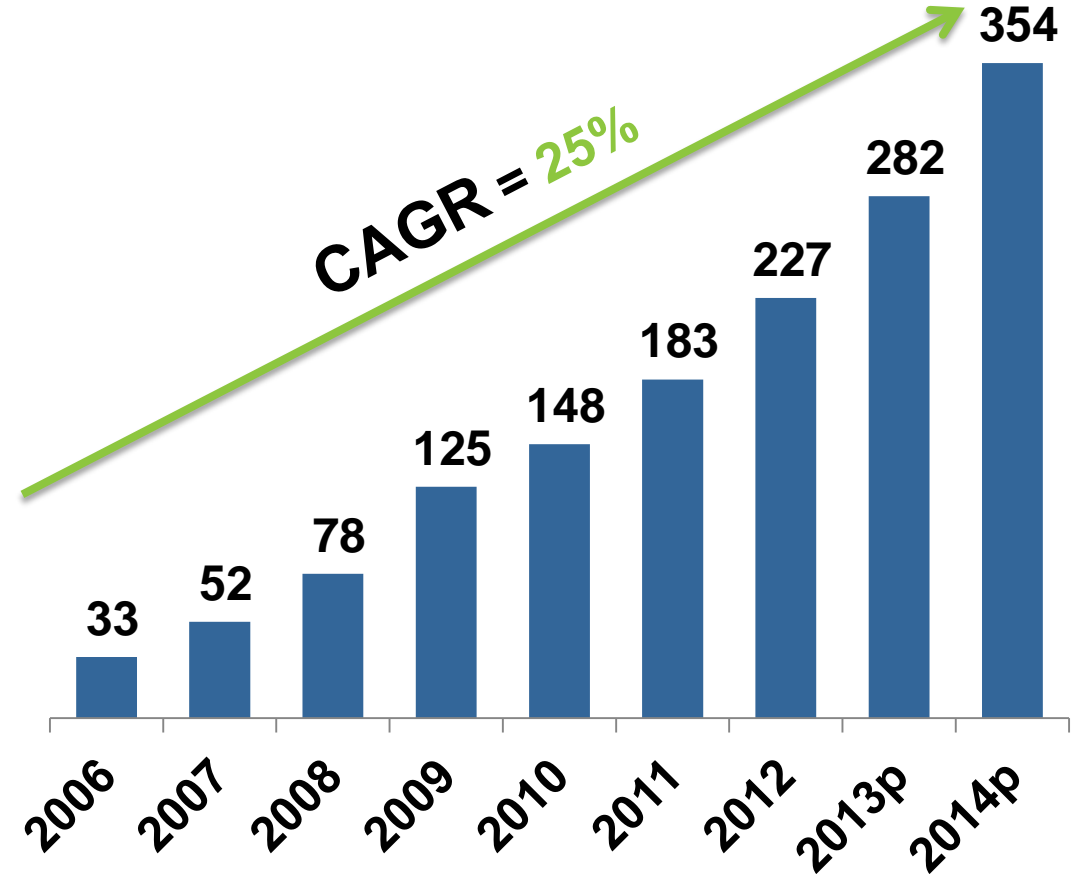


These Consumers are Fueling GPR Prepaid Growth

Decline of Free Checking Accounts



GPR Prepaid Load Volume (\$ Billions)



Prepaid is one of the fastest growing segments in retail financial services today...

Prepaid: the New Checking Account



- Consumer needs are increasing, though access to traditional banking is declining
- Prepaid GPR Cards are one of the fastest growing segments:
 - ✓ Balances are federally insured
 - ✓ Direct deposit (payroll, government, etc.)
 - ✓ Online bill pay
 - ✓ Increasing mobile capabilities

HRB is Well-Positioned to Address the Changing Market Landscape

- Approximately 50% of HRB clients are unbanked or under-banked
- The tax event represents the most significant financial event of the year for many of our clients
 - 86% percent of all HRB clients receive a refund
 - Average refund of over \$2,600



- Leverage HRB's trusted advisory relationship
- Integrate products with superior customer value into the tax interview process
- Low cost of acquisition
- Extend and grow these relationships through year-round life-cycle marketing
- Enhance revenue opportunities through segmentation, cross sell, and new product development



***We look at our clients' lives through tax...
and find ways to help***

Refund Transfer

**PAY
NOTHING
OUT OF POCKET**
WITH A REFUND ANTICIPATION CHECK

- Paying tax preparation fees with your refund is easy and convenient
- We'll send you an email when your money is available

Peace of Mind



Emerald Advance

**YOU COULD
GET UP TO
\$1000**

WITH AN EMERALD ADVANCE*
*NO W-2 REQUIRED
*NEW CLIENTS WELCOME

APPLY INSIDE CALL FOR AN
APPOINTMENT
866-852-9250

Emerald Card

**GET IT! USE IT!
LOVE IT!**

H&R BLOCK® emerald card®

5111 6511 1234 5678

5111

VALID
THRU 02-15

YOUR NAME HERE



Pay Nothing Out of Pocket – Refund Transfers

[Read in Spanish](#)

IF YOU ARE GETTING A REFUND, WOULD YOU LIKE TO
USE IT TO PAY LIKE LAST YEAR?

Pay Today With Personal Funds

- Cash, Check, Credit or Debit Card

Pay Nothing Out-of-Pocket

- Convenient – use your refund to pay your fees*
- Receive an email when your money is available

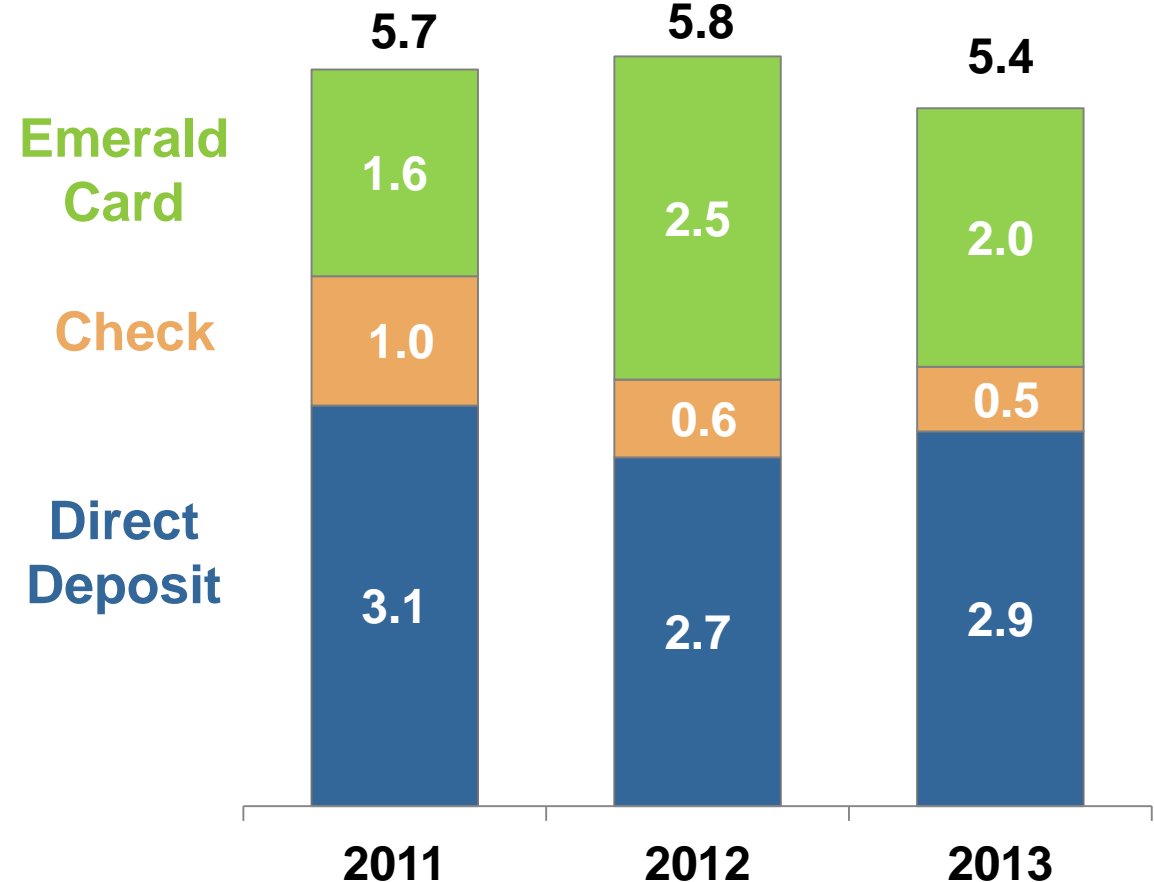
Refund Anticipation Check (RAC)
Are you interested in learning about or determining if you qualify?
*Requires purchase of a Refund Anticipation Check (RAC) and fees apply.

PAY NOTHING OUT OF POCKET WITH A REFUND ANTICIPATION CHECK

- Paying tax preparation fees with your refund is easy and convenient
- We'll send you an email when your money is available

Refund Anticipation Check (RAC) is provided by H&R Block Bank, a Federal Savings Bank, member FDIC. See bank. You must meet bank requirements for opening a bank account. A RAC is a bank account and is subject to the same FDIC rules and restrictions as any other FDIC account. See H&R Block Bank Online Services. *RAC available on participating forms. RAC is not FDIC insured.

Refund Transfers
(millions)



- **Well-established** product
- **Extension** of our standard guarantee
- Includes **audit representation**
- We pay up to **\$5,500 of additional taxes** in event of our error



Emerald Advance (EA) Line of Credit

- Meets specific credit need for clients when they need it most
- Pre-Season line of credit offered to clients from November – January
- Underwriting based on deep knowledge of the client and verified ability-to-pay
- High conversion to tax preparation



**YOU COULD
GET UP TO
\$1000**

WITH AN EMERALD ADVANCE®

- NO W-2 REQUIRED
- NEW CLIENTS WELCOME

APPLY INSIDE **CALL FOR AN APPOINTMENT**
866-852-9250

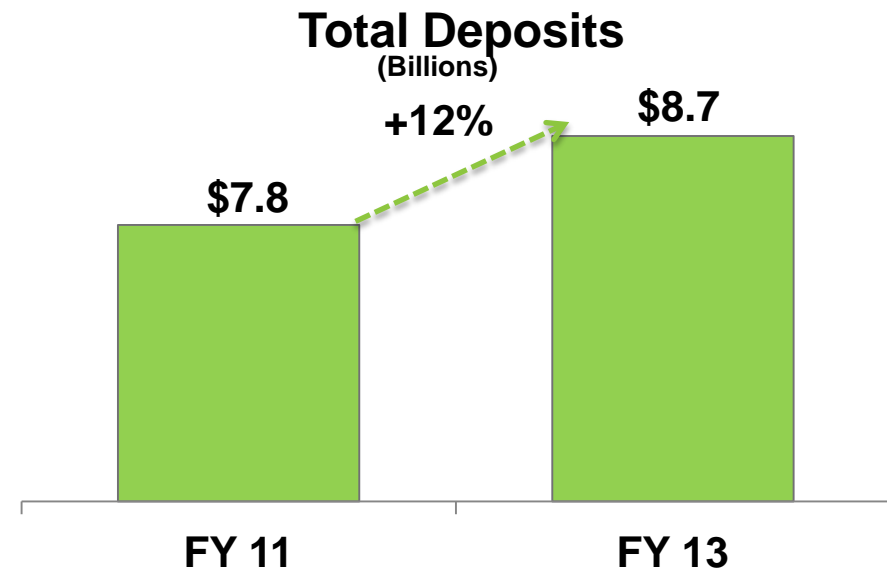
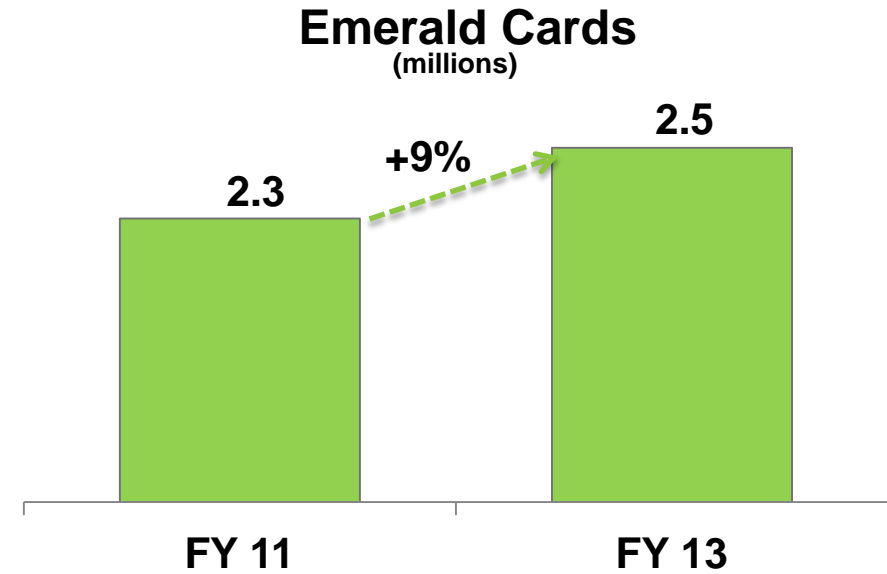
EMERALD ADVANCE IS A SERVICE PROVIDED BY H&R BLOCK FINANCIAL SERVICES, INC. © 2014 H&R BLOCK FINANCIAL SERVICES, INC. ALL RIGHTS RESERVED.

3rd Largest GPR Debit Card in the U.S.



■ One of the best prepaid options in the market:

- ✓ Low fee structure
- ✓ Feature rich
- ✓ Convenient
- ✓ Secure



*The Emerald Card has **more features** than most checking accounts and prepaid cards*

Emerald Cash Rewards™



Emerald Mobile Banking App inc. Check to Card™



Much More...

My H&R Block Account (Emerald Online) with **FREE** card loads from a linked account



Fee Schedule: Simple, Competitive

One of the *lowest overall fees* in the industry


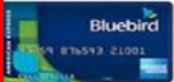



- Zero Monthly Fees for Active Users
- Zero Purchase or Activation Fee
- Zero Overdraft fees
- Zero Minimum Balance
- Zero Usage Fees



Just 5 Basic Fees...

	Fee
ATM Withdrawal	\$ 2.50
ATM Balance Inquiry/Denial	\$ 1.00
Monthly Inactivity Fee	\$ 2.50
Over the Counter Withdrawal	\$25.00
Expedited Card Delivery	\$35.00

Well Positioned vs. Other Programs

	Emerald Card	American Express Bluebird	Chase Liquid	Net Spend	Green Dot
Branding					
Load Funds					
Direct Deposit	✓	✓	✓	✓	✓
Cash Loads	✓	✓	✓	✓	✓
Bank to Card Loads	✓	✓	✓	✓	✓
Mobile Check Loads	✓	✓	✓		
In Person Check Loads			✓	✓	
Debit/Credit Card Load		✓			
PayPal				✓	
ATM Loads			✓		
Access Funds					
ATM Access	✓	✓	✓	✓	✓
PIN/Signature	✓	✓	✓	✓	✓
Cash at Point of Sale	✓		✓	✓	✓
OTC/Bank Teller	✓		✓	✓	✓
Bill Pay	✓	✓		✓	✓
P2P		✓		✓	
Money Orders			✓		
Cell Phone Top Up	✓				
Check/Pay Anyone	✓				
Features					
Line of Credit Access	✓			✓	
Joint Account		✓	✓	✓	✓
Savings	✓			✓	
Rewards	✓			✓	

THEN (2011)

- Basic online 60-day transaction history
- Manual payroll direct deposit enrollment process
- Launched text messaging capability

**ESSENTIALLY
A GIFT CARD**

NOW (2013)

- Robust Online Banking
- Bill Pay
- Mobile App
- Remote Deposit Capture
- Text Messaging
- Cash Back Rewards
- External Account Funding
- Add'l Low-Cost Funding Alternatives
- Personalized Cards

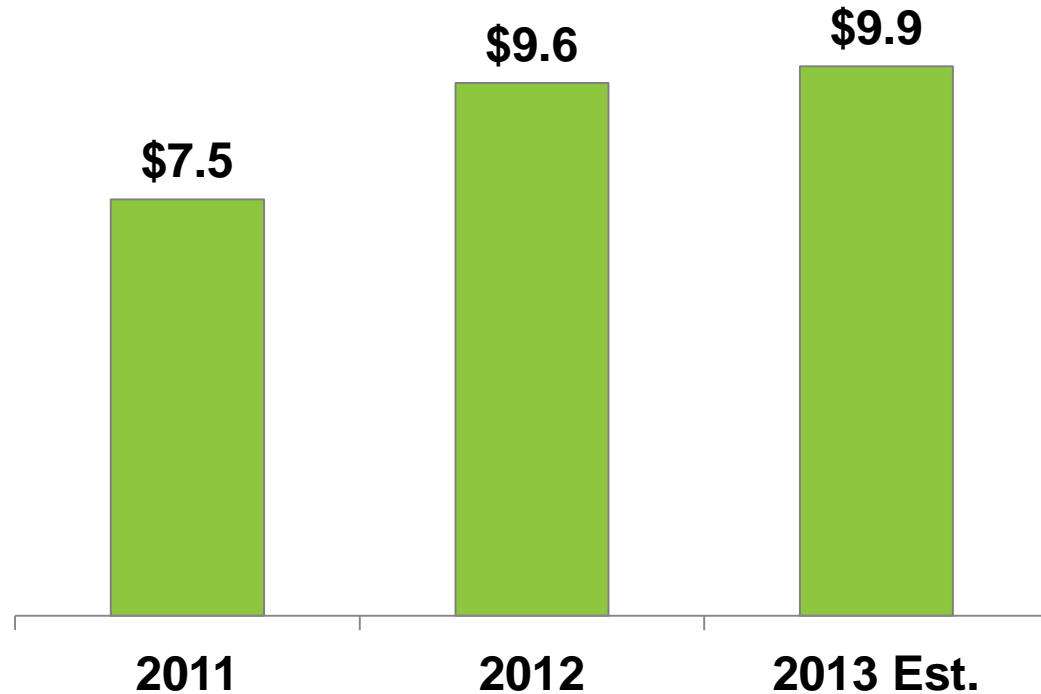
**BEST-IN-CLASS
GPR CARD**



Our Focus is Yielding Results...

Gross Domestic Spend Volume

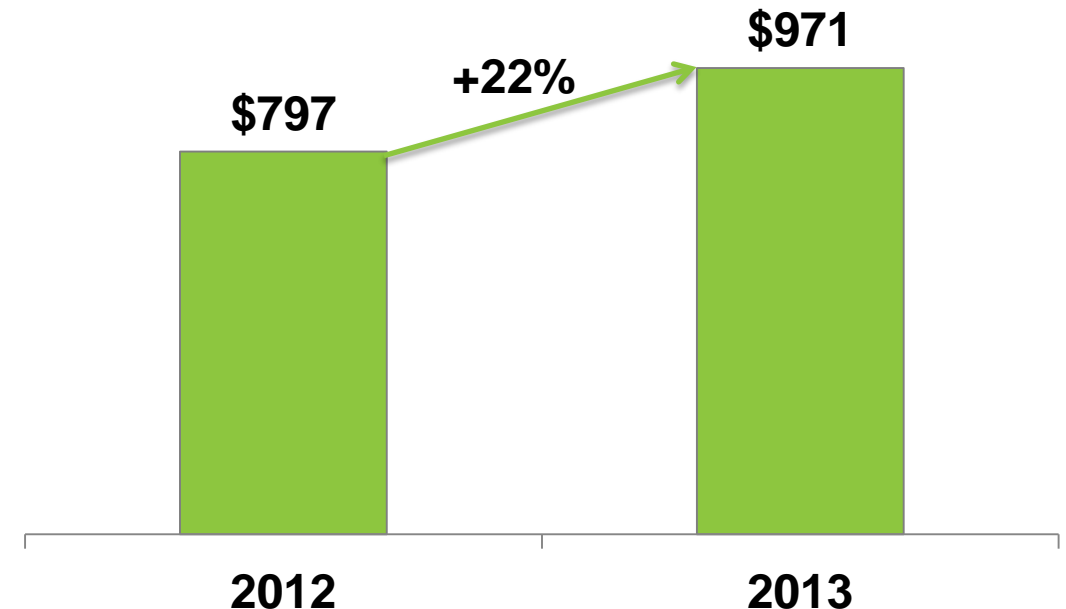
(Billions)



(*Calendar Year)

Offseason Card Spend (May – Oct)

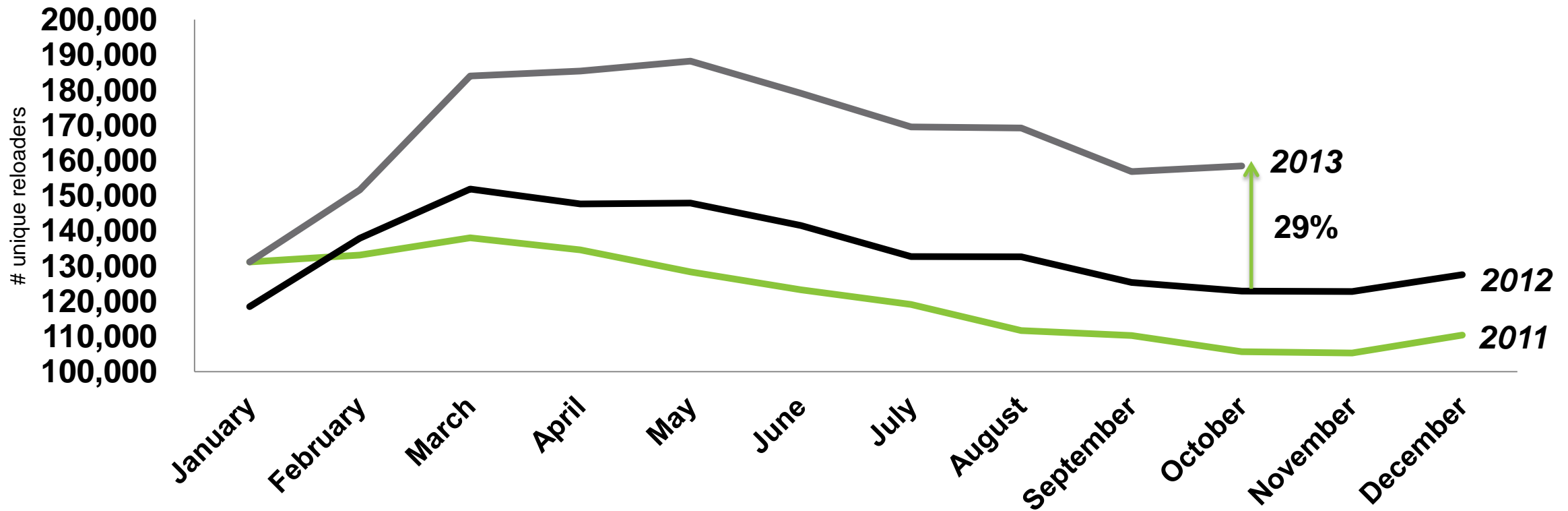
(millions)



- Mobile Banking App downloads **+ 628%**
- Emerald Online unique logins to date: **700k**
- Emerald Cash Rewards to date: **\$1 Million**

- Text Messages in TS13: **69 Million**
- Bill Payments to date: **\$4.9 Million**

Unique Reloaders



- Compared to Oct 31, 2012:
 - ✓ Payroll Direct Deposit: **+23%**
 - ✓ Government Direct Deposit: **+55%**
 - ✓ Cash Reloaders: **+39%**

- As of Oct 31, 2013 there were **158,413** unique reloaders compared to **122,881** this time last year....

More Cards + More Usage

- Increase tax professional card usage
- Aligning our field incentives
- Tax professional training/awareness
- Enhanced marketing and distribution

**GET IT! USE IT!
LOVE IT!**



Tax Plus...Delivering For Our Clients and Our Shareholders

- Financial services landscape is changing
- Tax Plus matters to our clients
- HRB is well positioned to deliver Tax Plus
- Focused on execution

Refund Transfer

PAY NOTHING OUT OF POCKET
WITH A REFUND ANTICIPATION CHECK

- Paying tax preparation fees with your refund is easy and convenient
- We'll send you an email when your money is available

Emerald Card

GET IT! USE IT! LOVE IT!

H&R BLOCK emerald card

5111 6511 1234 5678

Debit MasterCard

YOUR NAME HERE

TAX+

Peace of Mind

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*NO W-2 REQUIRED
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APPLY INSIDE CALL FOR AN APPOINTMENT 866-852-9250



H&R BLOCK[®]

2013 Investor Conference

December 11, 2013



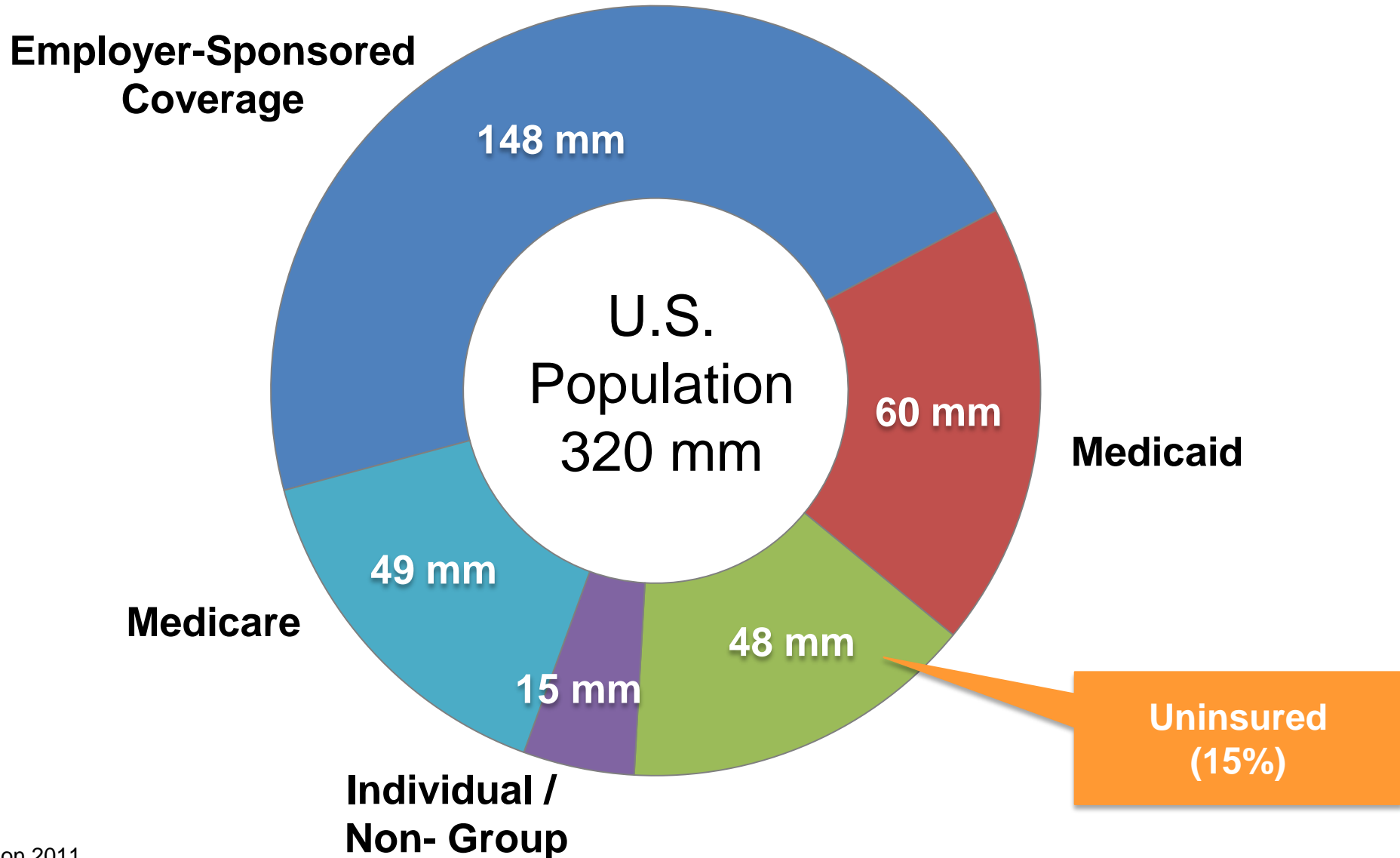
H&R BLOCK[®]

Mark Ciaramitaro
VP, New Business & Innovation

- The impact of the Affordable Care Act on the federal tax code is **pervasive and complex**
- Health Care + Taxes = **Potential Opportunities** for H&R Block
- Block is **well positioned** to capitalize... both in the tax category and with new services
- We are in the early stages... any opportunity **will take time** to develop

1. The Affordable Care Act
2. Impact on Tax Filing Complexity
3. Consumer Research Headlines
4. Health Care Consumer Positioning
5. H&R Block's New Enrollment Services

Current U.S. Health Insurance Coverage



■ **PPACA + HCERA** = Affordable Care Act

■ **Desired Outcome**

- Expanded health insurance coverage

■ **ACA's Objectives**

- Driving consistent quality
- Improving affordability
- Expanding access



Key Mechanisms

- The “Individual Mandate”
- Health Plan Regulations
- Health “Marketplaces”
- Advance Tax Credits
- Expanded Medicaid
- The “Employer Mandate”
(postponed until 2015)

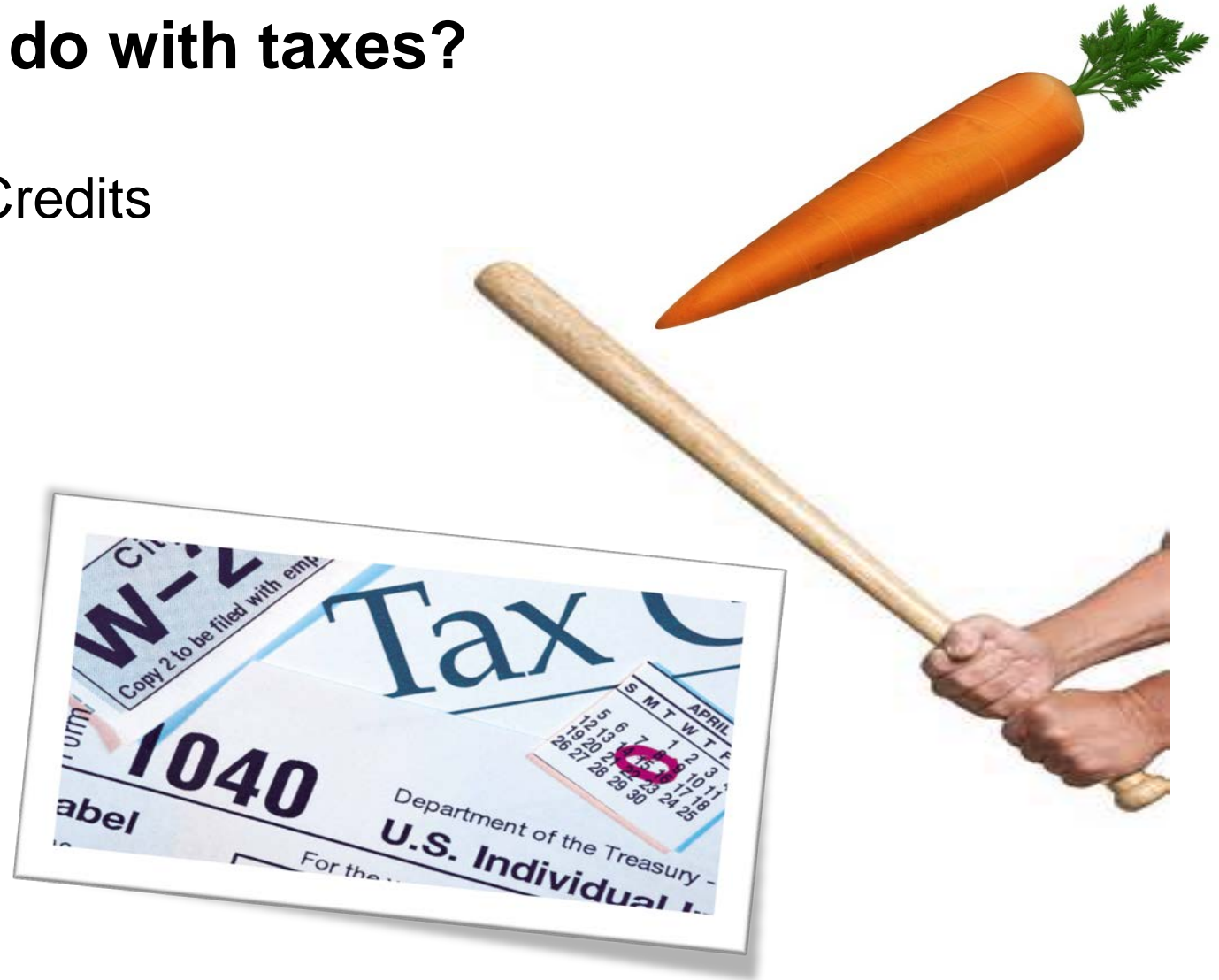


So what does this have to do with taxes?

The Carrot --- Advance Tax Credits

The Stick --- Tax Penalties

The role of the Tax Return
...before and after



Eligible individuals/households can get government financial assistance to reduce the cost of their health insurance premiums

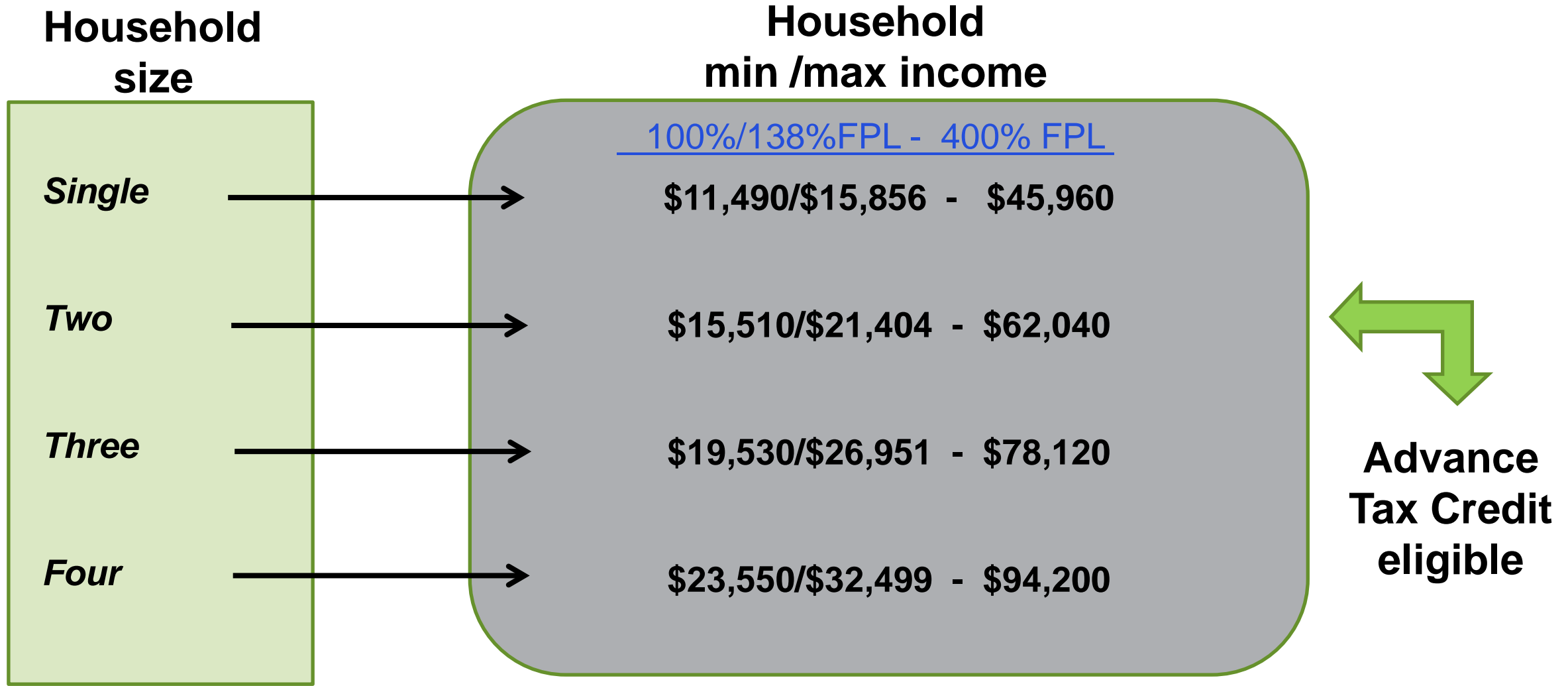


Available to apply in “advance” of the tax return being filed

- Must not currently have, or have access to, affordable and qualified insurance coverage
- Must enroll via a Marketplace
- Amount depends on: rating area, FPL household income level and number of household members



FPL = Federal Poverty Level



Note: 138% FPL limit used for states with expanded Medicaid coverage

Eligible individuals/households can get government financial assistance to reduce the cost of their health insurance premiums



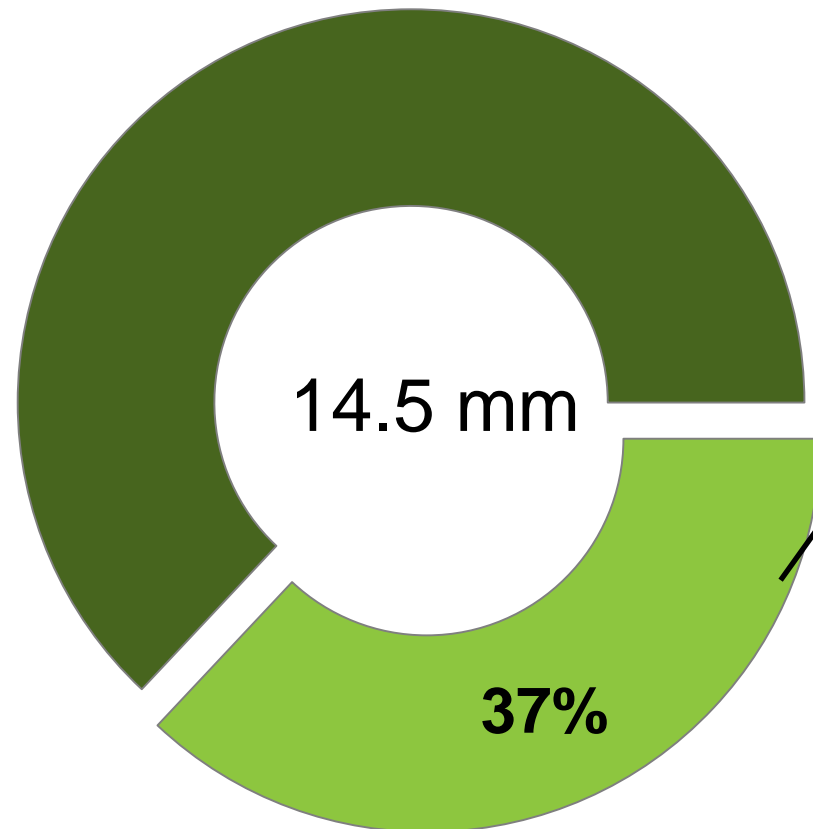
Available to apply in “advance” of the tax return being filed

- Must not currently have, or have access to, affordable and qualified insurance coverage
- Must enroll via a Marketplace
- Amount depends on: rating area, FPL household income level and number of household members
- Paid directly to insurance company
- Must file a tax return following its use
- “Reconciled” when 2014 tax return is filed



Advance Tax Credit Eligibility is Based on Household Income

HRB FY13 Assisted
Tax Clients



Potential Advance Tax Credit-Eligible

- Low to middle-income (100%-400% FPL)
- EITC filers (presence of children)
- Large minority representation
- If uninsured through employer, Advance Tax Credit eligible
- 37% does not take into account current insurance coverage status

Most Americans who do not get qualified health insurance coverage may face a tax penalty on their 2014 federal tax return


How Much?

2014	2015	2016 <i>and beyond</i>
\$95 <i>per adult</i>	\$325 <i>per adult</i>	\$695 <i>per adult</i>
<i>or</i>	<i>or</i>	<i>or</i>
1% <i>of family income</i>	2% <i>of family income</i>	2.5% <i>of family income</i>
<hr/> <i>whichever is greater</i> <hr/>		

*THE PENALTY CANNOT BE GREATER THAN THE NATIONAL AVERAGE PREMIUM FOR BRONZE COVERAGE, ESTIMATED TO BE \$4,500-\$5,000 IN 2016. SOURCE: KAISER FAMILY FOUNDATION



Health Care Reform Timeline



2013

Open enrollment starts
October 1

2012 tax return is info
source for Advance Tax
Credit eligibility

2014

January 1 - New
insurance plan
requirements and
coverage go into effect

Most households must
obtain insurance
coverage by March 31st
or face a tax penalty in
2015

2015

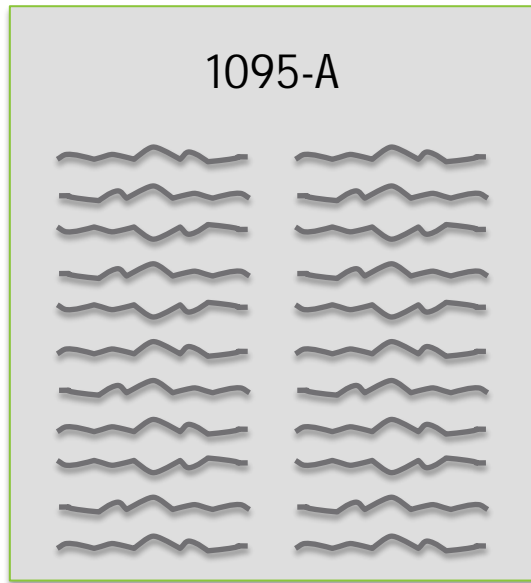
2014 Tax return must be
filed for those who took
an Advance Tax Credit

Reconciliation of the
Advance Tax Credit or
application of tax penalty

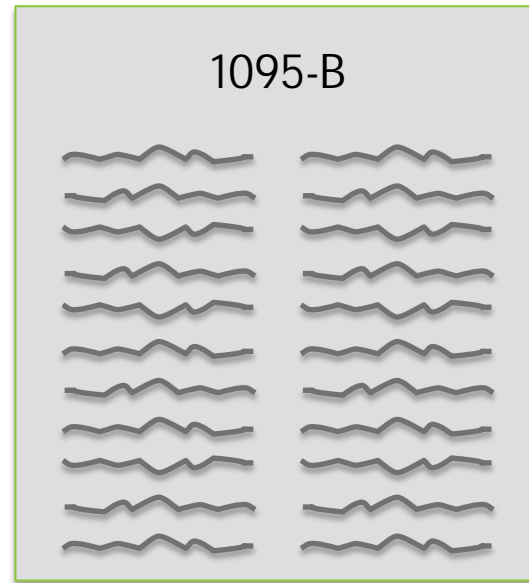
1. The Affordable Care Act
- 2. Impact on Tax Filing Complexity**
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New Health Insurance Coverage Notices (1095 series)

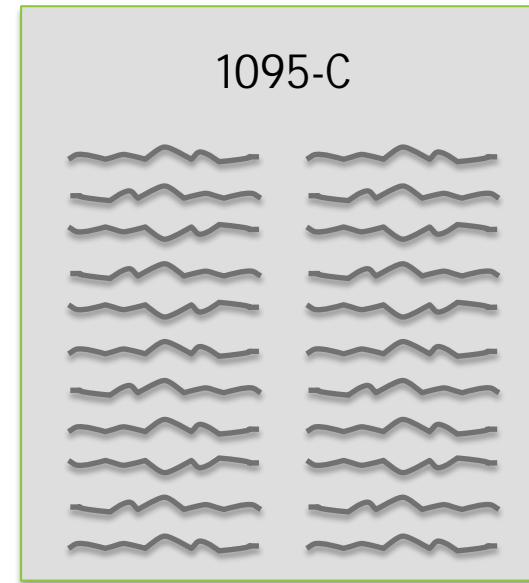
Purpose: Indicate the period that individuals/household members were covered under qualified health plans



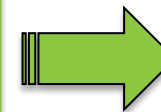
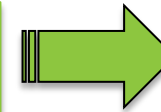
Issued by Health Marketplace



Issued by insurance issuers, military, small employers and self-insured employers



Issued by larger (>50) employers for coverage of full-time employees



Advance Tax Credit “True-Up” Process

Purpose: Adjust the credit, based upon **actual** 2014 household income

Step 1. Determine Actual Premium Tax Credit

- Determine actual 2014 modified adjusted gross income (MAGI)
- Compare to FPL family size bracket
- Calculate share of premium cost as a percentage (2% to 9.5%) of MAGI
- Subtract from benchmark premium in client's specific rating area to get the actual Premium Tax Credit

Modified Adjusted Gross Income (MAGI) =

**Adjusted Gross Income
+ Exempt Social Security
+ Tax Exempt Interest
+ Excluded Foreign Income**

Advance Tax Credit “True-Up” Process

Purpose: Adjust the credit, based upon **actual** 2014 household income

Step 1. Determine actual Premium Tax Credit

- Determine actual 2014 modified adjusted gross income (MAGI)
- Compare to FPL to family size bracket
- Calculate share of premium cost as a percentage (2% to 9.5%) of MAGI
- Subtract from benchmark premium in client’s specific rating area to get the actual Premium Tax Credit

Step 2. Compare to Advance Tax Credit used in 2014

- Calculate the difference between the 2014 Advance Tax Credit used in 2014 and the actual Premium Tax Credit
- If actual Premium Tax Credit is $>$ the Advance Tax Credit used, client receives difference in the form of a refundable credit
- If actual Premium Tax Credit $<$ the Advance Tax Credit used, an additional tax liability is applied to the federal tax return

Step 3. Adjust the tax return based on difference

- Any tax liability* is further adjusted, based upon household income and filing status table

*Note: There are no special collection limits around IRS tax collections for this tax liability

Additional Premium Tax Credit Liability Limitation Table

Maximum Tax Credit Liability

Household Income Category	Single Filers	All Other Taxpayers
Less than 200% of FPL	\$300	\$600
200% - 300% of FPL	\$750	\$1,500
300% - 400% of FPL	\$1,250	\$2,500
400% or more of FPL	No limitation	No limitation

Two Methods of Tax Penalty Assessment

Purpose: Determine the tax penalty, based upon 2014 individual/household insurance coverage gaps

1. Flat Fee Calculation Method

- \$95 for every adult, \$47.50 for non-covered dependent children under the age of 18
- Maximum family penalty is \$285

2. Percentage Calculation Method

- 1% x (MAGI – the household tax filing threshold)
- Example:* Single person earning MAGI of \$55,000
 $1\% \times (\$35,000 - \$10,150) = \$450$

3. Calculate impact on the tax return

- For clients receiving a tax refund, the tax penalty will reduce the refund amount
- For clients with a net *tax liability, the penalty will be added to their taxes
- Max penalty must not exceed national average for a bronze plan.

2014	2015	2016 and beyond
\$95 per adult	\$325 per adult	\$695 per adult
or	or	or
1% of family income	2% of family income	2.5% of family income
————— whichever is greater —————		

*THE PENALTY CANNOT BE GREATER THAN THE NATIONAL AVERAGE PREMIUM FOR BRONZE COVERAGE, ESTIMATED TO BE \$4,900-\$6,000 IN 2014. SOURCE: KAISER FAMILY FOUNDATION



*Note: the IRS has limits on its collection ability for this tax penalty



Tax Penalty Exemptions

Purpose: Indicate individual/household who qualify for exemptions from tax penalties

Marketplace Issued Exemptions

- ***Religious sect objections***
- ***Hardship***

- ***Indian tribes***
- ***Health sharing ministry***
- ***Incarceration***

Only issued by
Marketplace

Tax Return Exemptions

- ***Not lawfully present***
- ***Unaffordable coverage***
- ***Short term coverage gaps***

- ***Indian tribes***
- ***Health sharing ministry***
- ***Incarceration***

Only completed
during Tax
filing

Note: Automatic exemption issued for those whose income is below the filing threshold

Other ACA-related tax impacts:

- Medical expenses deduction limited to expenses over 10% of AGI (up from 7.5%)
- Additional Medicare taxes
 - Additional 0.9% tax for wages over \$200,000 (\$250,000 joint filers) – reconciled with Form 8959
 - 3.8% on net investment income for AGI over \$200,000 (\$250,000 joint filers) – new Form 8960
- Annual Flexible Spending Account (FSA) contributions capped at \$2,500/year



The Net Impact

- The impact of the Affordable Care Act on the federal tax code is **pervasive and complex**
- Any household that uses an Advance Tax Credit, **MUST** file a 2014 tax return in 2015
- **New insurance coverage notices** will support 2015 tax filing
- **Advance Tax Credit true-up and tax penalty calculations** are complicated
- **New IRS worksheets, schedules and forms** will likely be required. This will likely also include a new line added to the 1040/1040A federal tax return
- However, none of this will be confirmed until summer/fall 2014

With increased tax complexity comes potential opportunity to:

- ✓ Drive new client acquisition growth
- ✓ Increase client value add and retention
- ✓ Generate incremental tax preparation revenue
- ✓ Acquire share from DIY filing

1. The Affordable Care Act
2. Impact on Tax Filing Complexity
- 3. Consumer Research Headlines**
4. Health Care Consumer Positioning
5. H&R Block's New Enrollment Services

Consumers are:

- ✓ Confused & anxious
- ✓ Concerned about tax consequences
- ✓ Looking for someone they can trust
- ✓ Preferring face-to-face assistance



H&R Block has **relevant assets** to serve them...

H&R Block's relevant assets:

- ✓ Trusted brand
- ✓ Tax expertise
- ✓ Familiar and convenient retail locations
- ✓ Provide face-to-face assistance
- ✓ Experience interfacing with the government
- ✓ Unbiased... not the government or an insurance company



- H&R Block retail clients have **double** the propensity to be **both** tax credit eligible and uninsured versus U.S. population
- Net out-of-pocket cost is the primary driver
- Want to sign up for insurance right away
- **Target profile:** currently uninsured, lower income, with children, and EITC/1040A filers
- Survey results indicate **potential movement from DIY to assisted** due to added tax complexity



- The Affordable Care Act has created a clear intersection between **Taxes** and **Health Care**
- Tax **complexity** will increase
- Many of our **current/potential clients** are impacted
- **H&R Block** has assets it can leverage



1. The Affordable Care Act
2. Impact on Tax Filing Complexity
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Objectives

- ✓ Suggest H&R Block's reason for being in Health Care
- ✓ Stand out from the crowd
- ✓ Leverage our unique and relevant assets
- ✓ Serve as a brand umbrella



**Be the Antidote...
Not the Messenger**

Unbiased help for health insurance doesn't exist.

So, we had to create a new word for it...

Help + Health =

helpth

helpth

is help understanding health insurance.

And not just any help.

*Friendly and unbiased help from H&R Block,
because the Affordable Care Act has made
health care a tax issue.*

Helpth Messaging and Merchandising



help
+
health
=
helpthSM*

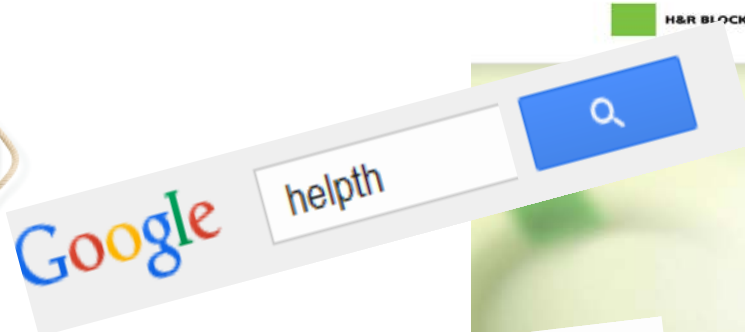
*It's not a typo.

HELP UNDERSTANDING HEALTH INSURANCE

The Affordable Care Act has made health care a tax issue. And no one knows taxes like we do.

As part of your tax preparation, our tax professionals will help you understand your health care options through a Tax and Health Care Review.

It's free. It's friendly. It's helpth.
helpth.com



helpth is help getting health insurance.
And not just any help. It's friendly and unbiased help from H&R Block. Now you can meet face-to-face with an H&R Block Health Care Advisor for no additional cost at a participating office near you.

[make a health care appointment](#)

We've developed a 3-step process to get you enrolled in the Health Insurance Marketplace. Enrollment begins 10/1, and you're likely eligible for an Advance Tax Credit, which means you might qualify for lower costs on your health insurance premium. So there's no better time to get started.

- understand**
One of our H&R Block Health Care Advisors will walk you through your plan options.
- select**
After sorting through the pros and cons of each option, we'll help you pick the plan that's right for you.
- enroll**
We'll make it easy to start benefiting from your plan as quickly and simply as possible by helping you get signed up.

help + health = helpth

[make a health care appointment](#)

[f](#) [t](#) [+1](#) [C](#)

Add email@subscriber.hrblock.com to your address book to ensure delivery

Unsubscribe | Privacy Policy | Helpth.com | 1-800-HRBLOCK
H&R Block Multi-Media Marketing
Attn: Email Marketing
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Looking for the Spanish version? Ver en Español

make a tax appointment | find insurance plans | get live helpth

helpthSM is here.

Helpth is help understanding health insurance. And not just any help. Friendly, unbiased help from H&R Block at no additional cost.

The Affordable Care Act has made health care a tax issue – something we know all about. It's probably also made you a little confused. Okay, maybe a lot confused.

So we're going to make it a lot easier. Easier to understand. Easier to select a plan. Easier to enroll. All it takes is a little helpth.

[get helpth now](#)

- why H&R Block?**
The tax experts talking with care? Allow us to
- step-by-step guide**
The path to getting tax and health care help. We're with you every step of the way.
- health care facts 101**
Making sense of health care reform in a way that actually makes sense.
- helpth q&a**
Real answers to real questions from real people. Something you'll find real helpful.
- helpth report & next steps**
Go straight to calculating your Helpth Report and get next steps here.

[schedule a tax appointment.](#)

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[10 Things You Should Know About the Health Insurance Marketplace](#)

[go straight to calculating your](#)

help + health = helpth
Helpth is help getting health insurance. A new service from H&R Block.

Are you know what you're thinking?
"Why is H&R Block talking about health insurance?"
Because taxes and health insurance are one combined. The newly enacted Affordable Care Act (ACA) makes that most people that have health insurance or previously have had coverage. That means that health care has become a tax issue. You've spent a lot of time determining how the ACA means that health care has become a tax issue. We're here to help. We're here to help you understand your health care options and how they affect your taxes. We're here to help you understand your health care options and how they affect your taxes. We're here to help you understand your health care options and how they affect your taxes.

Help us helpth you.
Get started today at helpth.com or call the phone number below. When you're done, you'll have an understanding of your health care situation, any Advance Tax Credit you may be eligible for, and information on what to do next. We'll be here to helpth.


helpth.com/mail (888)635-9416



- ✓ Uses clients' tax return to estimate eligibility for Advance Tax Credits, as well as other government programs
- ✓ Calculates max share of health insurance premiums
- ✓ Indicates potential future tax penalties
- ✓ Available in paper and electronic formats
- ✓ Spanish language version available

H&R BLOCK Tax and Health Care Review
Jack Robinson

Your Results – Advance Tax Credit Eligible



Help understanding health insurance.

Here is your helpful information.




helpth is here.

Helpth is help understanding health insurance. And not just any help. Friendly, unbiased help from H&R Block at no additional cost.

The ACA is legislation that says almost everyone must have health insurance or potentially pay a tax penalty. The government will help lower the cost of health insurance by providing savings through Advance Tax Credits to those individuals and families that qualify.

Depending on factors like your income and household size, you might qualify for the Advance Tax Credit to help pay for health insurance. These savings can be applied to the health plan of your choice.

Projected Maximum Silver Plan Cost:	
Monthly	\$26
Annual	\$306

Per Year Federal Penalty:		
 2014 PENALTY \$237	 2015 PENALTY \$812	 2016 PENALTY \$1,737

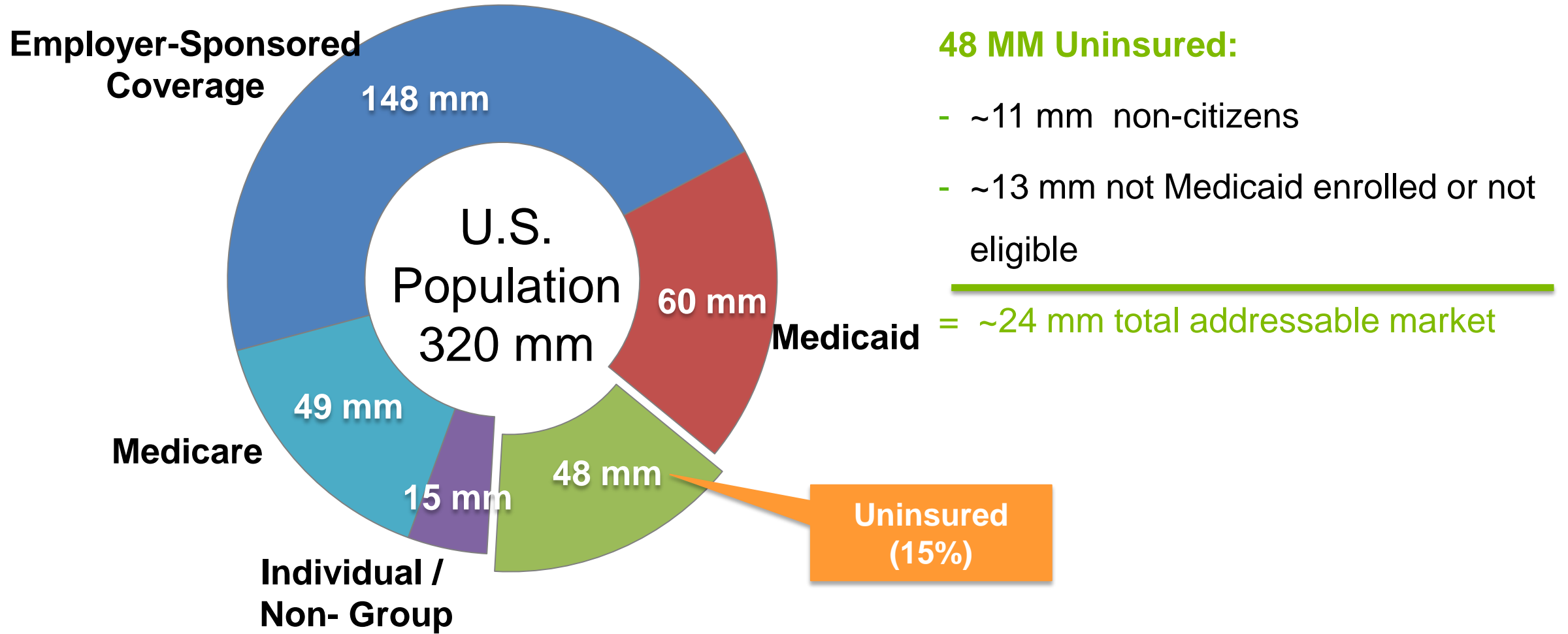
The information provided herein is only an estimate for informational purposes only and does not constitute tax or legal advice or an official calculation of your potential subsidy, share of the premium payment, and/or tax penalty. Your situation could differ based on other factors. To learn more about your healthcare options, visit Helpth.com.

Now the name you trust for all your tax needs now also offers friendly, unbiased help when it comes to choosing health insurance.

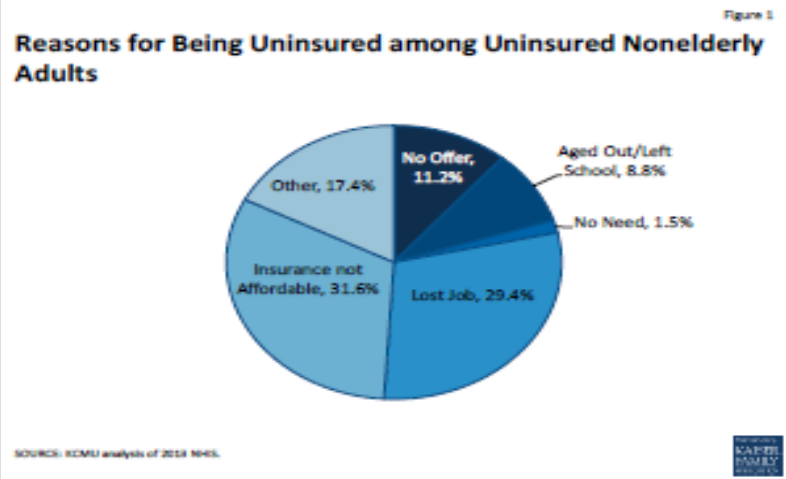
Learn more about Health Care Reform and Taxes visit: helpth.com View your personalized health care summary by registering for, or signing in at: hrblock.com/myaccount

1. The Affordable Care Act
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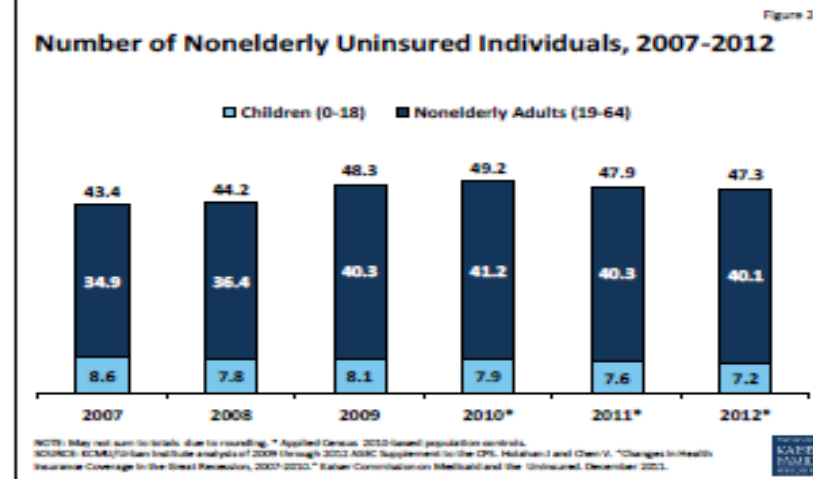
Current U.S. Health Insurance Coverage



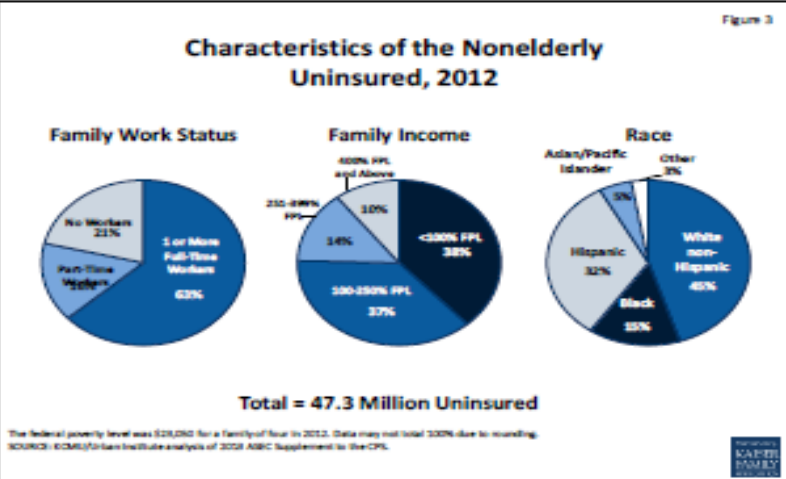
Low Income Working Families



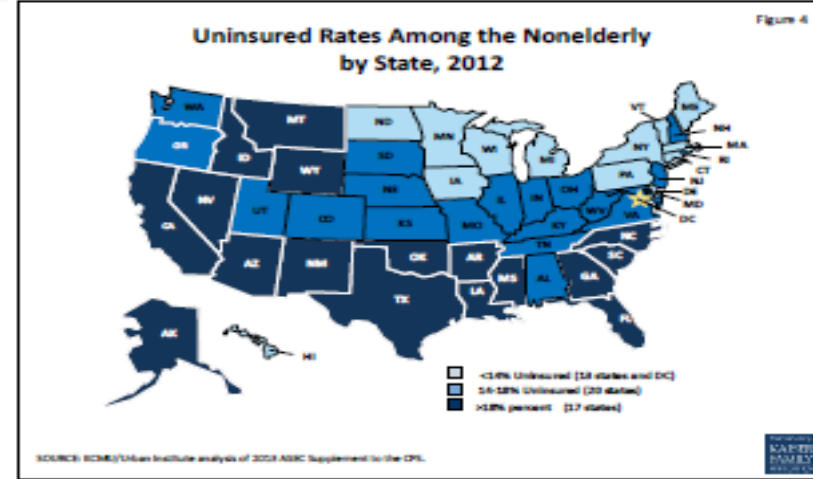
Adults < Age 65



Predominantly Minorities

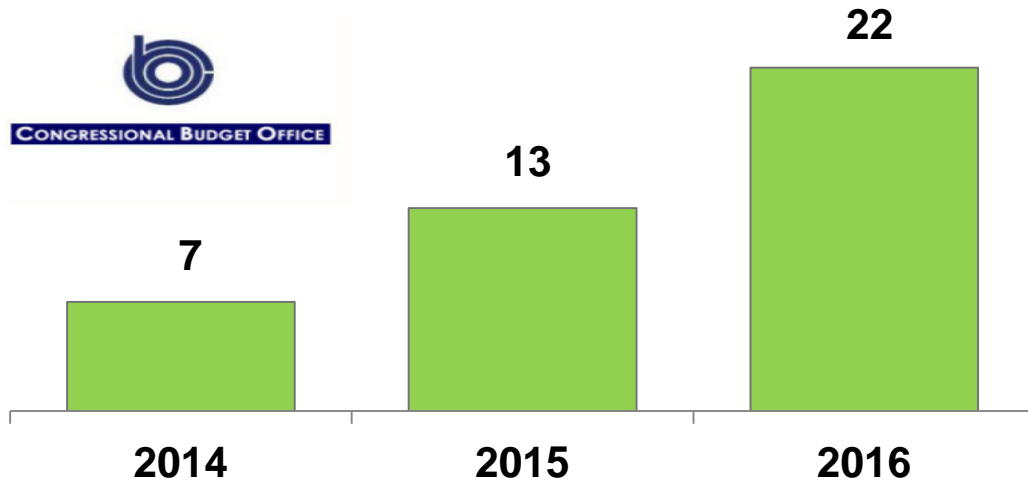


Uninsured Vary by Region

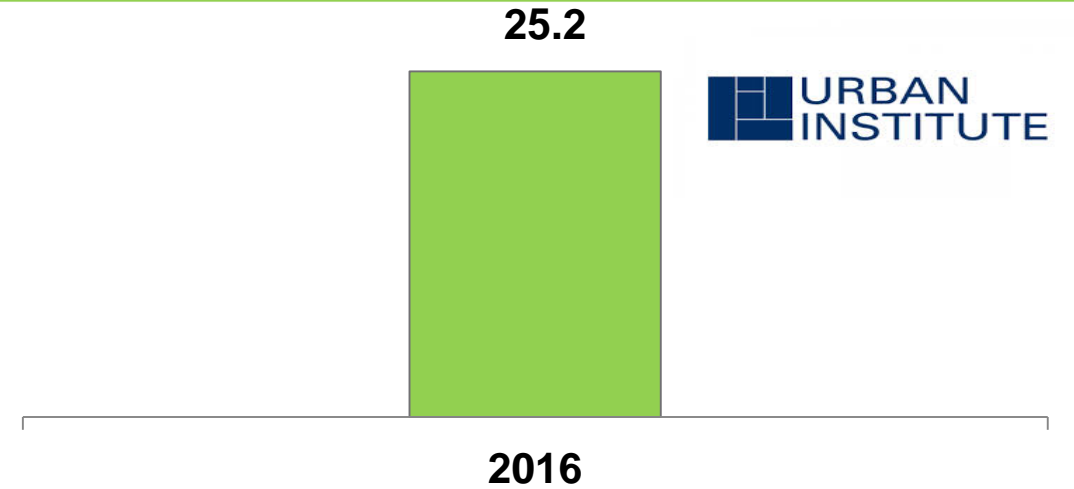


Future Marketplace Enrollment Forecasts

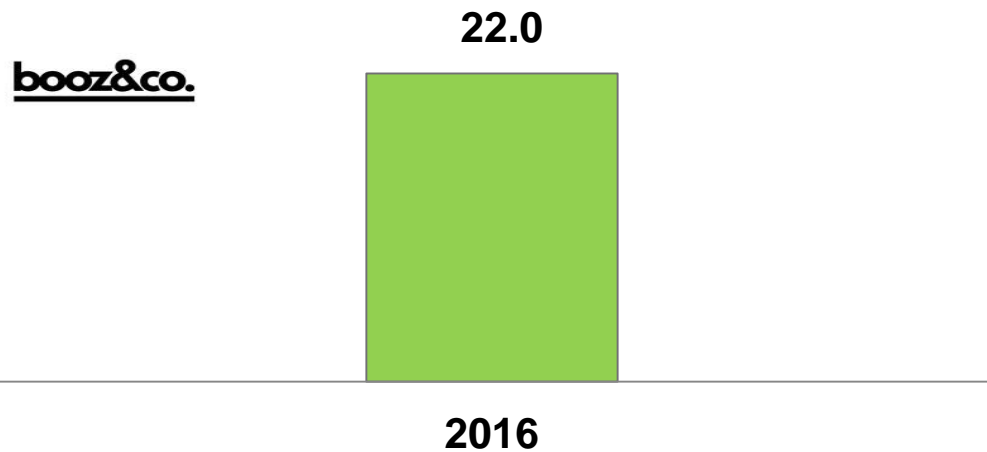
CBO Enrollment Forecast



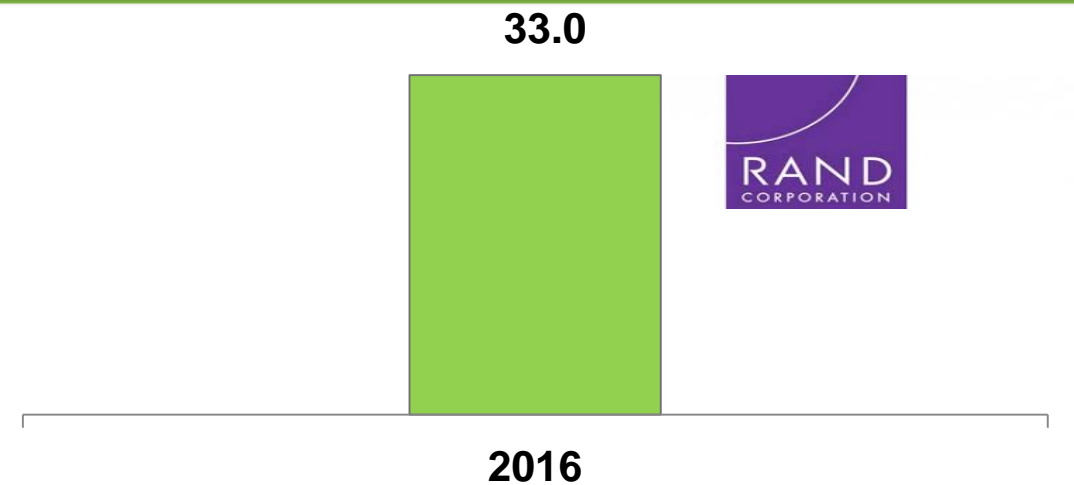
Urban Institute



Booz & Co



Rand



The Marketplace Enrollment Process

1 File a tax return and estimate Advance Tax Credit eligibility

2 Get insurance coverage or pay a tax penalty

3 Go to Marketplace, create account, complete identity verification

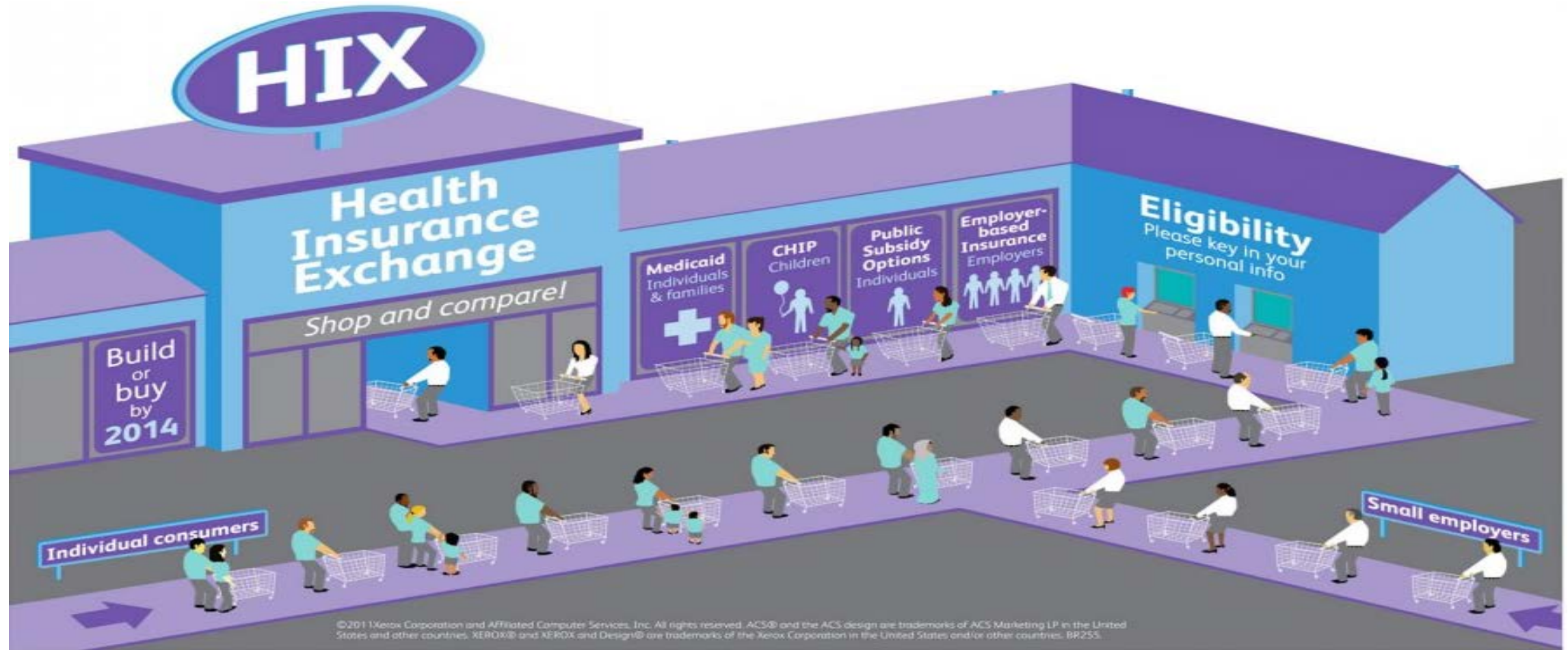
4 Complete the government application questions

5 View, compare and select a health plan

6 Confirm enrollment, attest and provide premium payment



The Idealized Health Marketplace



The Reality is Much Uglier!

**Daunting
online
Advance Tax
Credit
application
process**



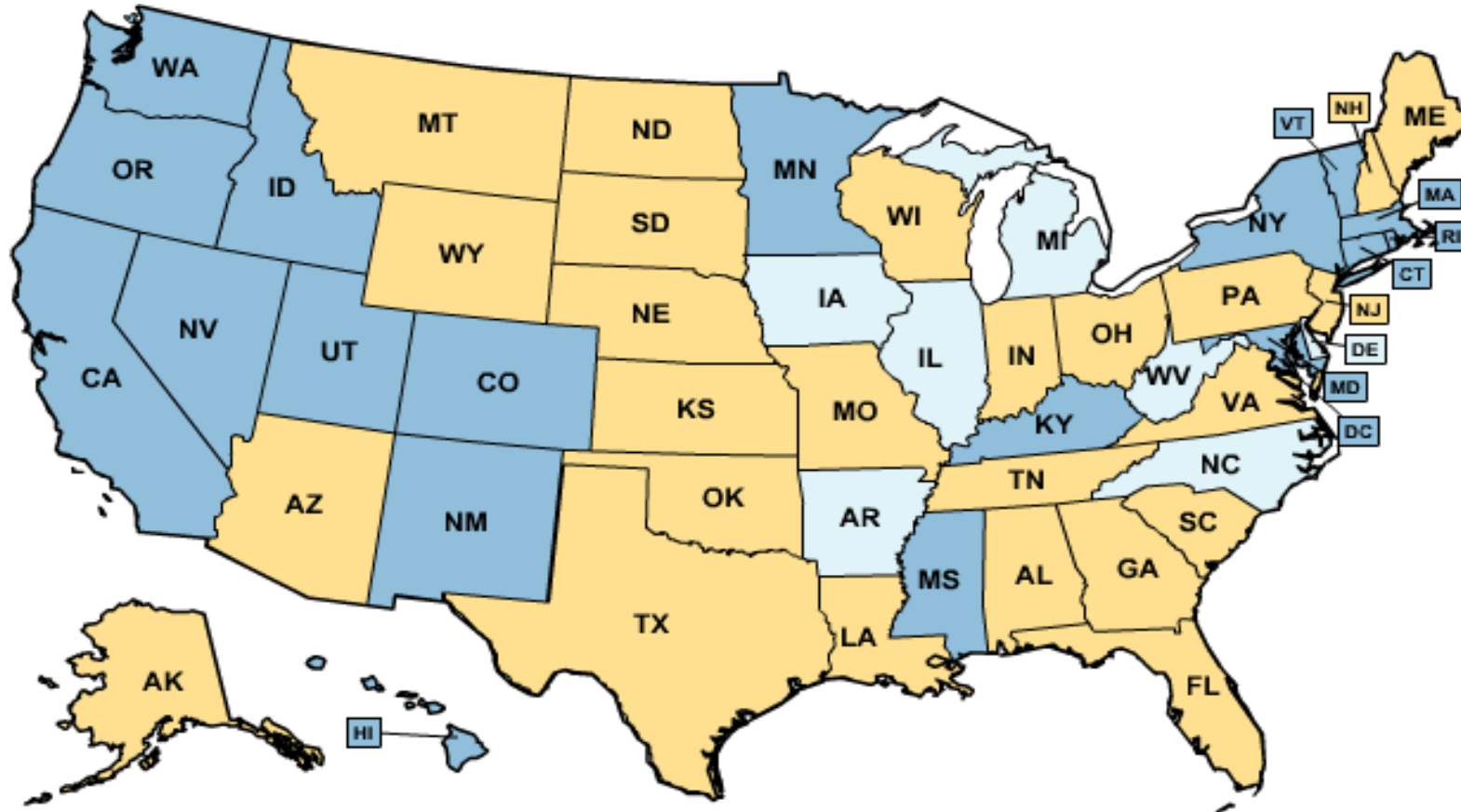
**Complex
health plan
selection
process**

Plan Type	Monthly Cost	Annual Deductible	Annual Out of Pocket Max.	Doctor Visit	Generic Rx	Emergency Room	Hospital Stay
Bronze Low (8 plans)	as low as \$243	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	annual deductible, then \$25 copay	annual deductible, then \$15 copay	annual deductible, then \$100 copay	annual deductible, then 20% co-insurance
Bronze Medium (8 plans)	as low as \$265	\$2,000 (ind.) \$4,000 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$30 copay	\$10 copay	annual deductible, then \$150 copay	annual deductible, then \$500 copay
Bronze High (8 plans)	as low as \$255	\$250 (ind.) \$500 (fam.)	\$5,000 (ind.) \$10,000 (fam.)	\$25 copay	\$15 copay	\$150 copay	annual deductible, then 35% co-insurance
Bronze Other (4 plans)	as low as \$272						
Silver Low (8 plans)	as low as \$344	\$1,000 (ind.) \$2,000 (fam.)	\$2,000 (ind.) \$4,000 (fam.)	\$20 copay	\$15 copay	annual deductible, then \$100 copay	annual deductible, then no copay
Silver High (8 plans)	as low as \$346	None	\$2,000 (ind.) \$4,000 (fam.)	\$25 copay	\$15 copay	\$100 copay	\$500 copay

**No qualified &
unbiased
assistance**



Health “Marketplaces” Vary by State



Default to Federal Exchange

Declared State-based Exchange

Planning for Partnership Exchange

Health Marketplaces



How Our Clients Are Feeling

How does
this impact
my taxes?

Where do I go
for help?

What kind of
plan can I get?

I CAN'T GET INTO THE
SYSTEM!

I don't understand
how health reform
impacts me!

Who do I trust?

What If I can't afford the
cost of a premium?

Do I qualify for a
subsidy?

What if I
already have
coverage
from my job?

*Simply put, we help clients... **understand, select, enroll***

Remote Assistance



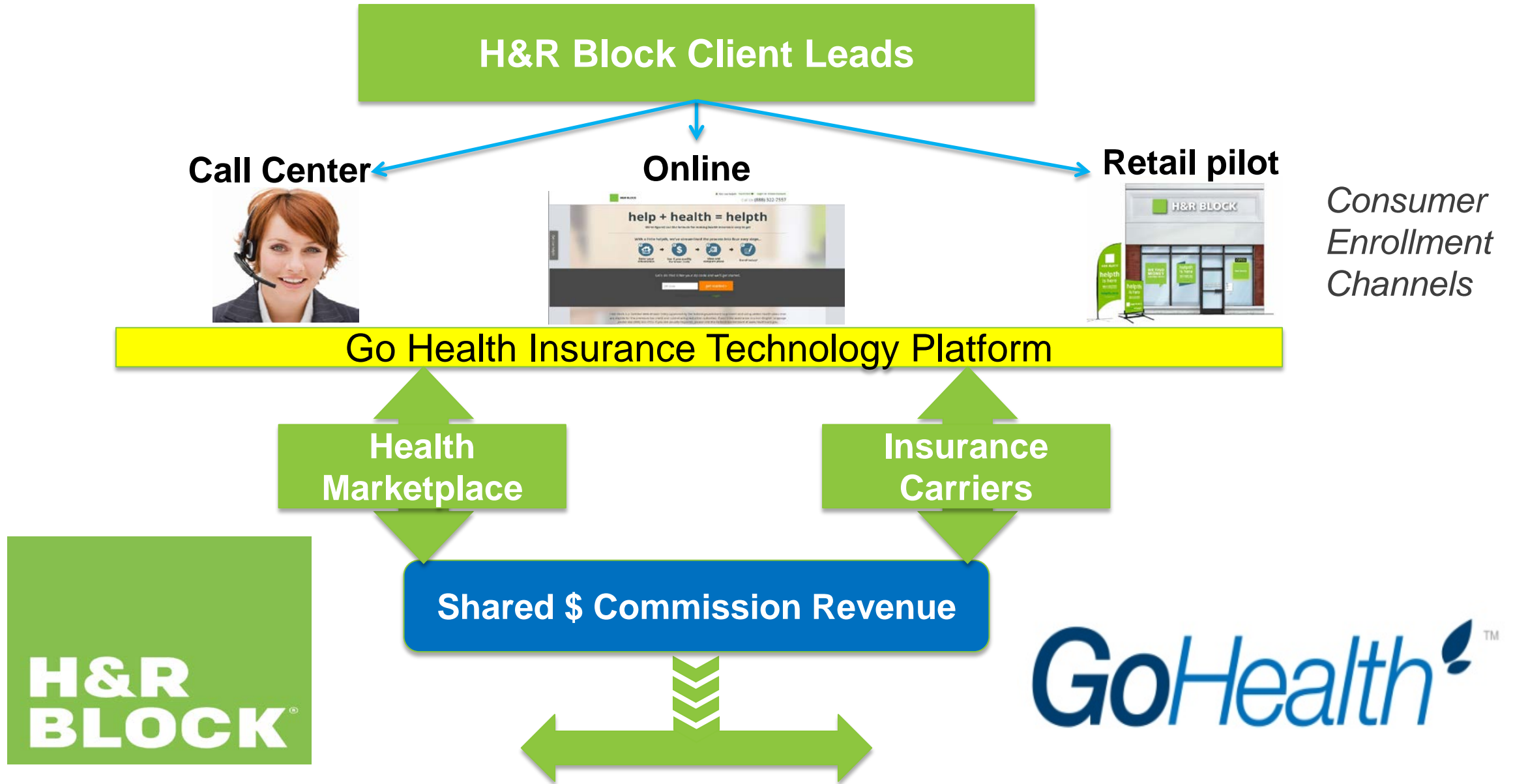
Retail – PILOT





- ✓ Privately held insurance services software and outsourcing company
- ✓ Extensive experience with developing and managing consumer-based Insurance exchange platforms
- ✓ Deep relationships with 100+ health insurance carriers
- ✓ Integrated call center capabilities, including agents licensed to sell insurance in 50 states

Broker Operating Model



- H&R Block-branded online interface
- DIY or access to remote licensed insurance agents
- ACA information
- Estimate Advance Tax Credit eligibility
- Health plan comparison and selection
- Government application assistance
- Insurance plan enrollment
- Premium payment facilitation
- **Tax appointment setting available**



Get Live helpth Start Chat Login or Create Account
Call Us (888) 322-7557

help + health = helpth

We've figured out the formula for making health insurance easy to get

With a little helpth, we've streamlined the process into four easy steps...

- 1 Enter your information
- 2 See if you qualify for lower costs
- 3 View and compare plans
- 4 Enroll today!

Let's do this! Enter your zip code and we'll get started.

ZIP Code [get started](#)

[Login](#)

Web-Broker Entity approved by the federal government to present and sell qualified health plans that include premium tax credit and cost-sharing reduction subsidies. If you'd like assistance in a non-English language, call us at (888) 322-7555. If you are visually impaired, please visit the Federal Marketplace at www.healthcare.gov.

Get Live helpth

We have helpth on tap.

You can call. Or you can click. However you want your helpth, it's here waiting for you.

[Click to chat](#)

Or Call Us (888) 322-7557

This is also helpthful.

Let us prepare your tax return and we'll perform a FREE Tax & Health Care Review. (It's painless.)

[Make A Tax Appointment](#)

Access to "live helpth" every step of the way

Ability to schedule a tax appointment at any point in the process

Information collected on page is used to estimate the user's Advance Tax Credit eligibility

Get Live help | Start Chat | Login or Create Account
Call Us (888) 322-7557

To get started, we just have a few questions

A few questions about you

Zip Code

Date of Birth (MM/DD/YYYY) Gender
 / / Male Female

Have you used tobacco products 4 or more times per week in the past 6 months?
As part of the new Affordable Care Act, if you use tobacco products, you may have to pay more per month for health insurance.

Yes No

Is there anyone else you want to add?

You can add dependents to your health insurance plan. Dependents may include the spouse and/or unmarried children (whether natural, adopted or step) of the primary insurance applicant.

A few questions about your household

How many people will be on your Federal tax return in 2014, which will be filed in 2015. (If you don't file taxes, how many people live in your household, including yourself?)

As part of the Affordable Care Act, Your household size and income (which we'll ask in a moment) are the two biggest factors in determining whether you'll qualify for the Advance Tax Credit to lower your cost of health insurance.

What do you expect your total household income to be in 2014?

Almost done. Please provide your contact information.

First Name Last Name

Email Address Phone Number

One more thing. Are you interested in dental or vision insurance?

Just check if you're interested in enrolling in dental or vision insurance.

Dental Vision

Tax import feature for current HRB clients with a My H&R Block Account

The screenshot displays the H&R Block Health Care Enrollment Online Interface. At the top, there are navigation links: "Get Live helpth", "Start Chat", and "Login or Creat". A phone number "Call Us (888) 322" is also visible. The main heading is "What types of coverage would you like?".

Your Eligibility for Lower Costs

The Advance Tax Credit can lower your cost of health insurance.

Based on the information you provided, your household may be eligible for an Advance Tax Credit estimated to **\$789.68** month.

Health Plan

A health plan will pay for some or all of your health care expenses in exchange for a monthly payment called a premium.

APPLIES TO Ashley Test

To avoid paying a tax penalty, you and members of your household may need to enroll in a health plan.

ESTIMATED TOTAL MONTHLY COST

\$0.00 - \$386.27*

* This estimate may include the estimated Advance Tax Credit

Original Monthly Cost
\$144.62 - \$386.27

Estimated Tax Credit
\$789.68

Estimated Monthly Total For All Coverage: **\$0.00 - \$386.27**

Find Plans

Annotations: A green box highlights the "Estimated Advance Tax Credit" section, with an arrow pointing to the "\$789.68" value. Another green box highlights the "ESTIMATED TOTAL MONTHLY COST" section, with an arrow pointing to the "\$0.00 - \$386.27" range. A third green box highlights the "Estimated Monthly Total For All Coverage" section, with an arrow pointing to the "\$0.00 - \$386.27" range.

Advance Tax Credit results are applied to arrive at net monthly premium cost estimates

Estimated Advance Tax Credit

Health Care Enrollment Online Interface

H&R BLOCK [Get Live helpth](#) [Start Chat](#) [Login or Create Account](#)
Call Us (888) 322-7557

68 Plans found (out of 68) **Find the plans that best match your needs** [Default Filters](#)

in the following categories:

- PLATINUM** 0 plans
- GOLD** 24 plans
- SILVER** 24 plans
- BRONZE** 20 plans

Health plans are grouped into four categories that represent the percentage of medical costs the plan will cover after you reach the deductible amount.

Platinum: Plan pays 90% of medical costs, you pay 10%

MONTHLY PREMIUM \$0 - \$387

DEDUCTIBLE \$500 - \$6250

COPAYMENT \$10 - \$60

MAX OUT-OF-POCKET \$2500 - \$6350

Dynamic results show available plans based on filter settings

Users can filter plans using sliders to view and rank by monthly premium, deductible, copayment, and coinsurance

The screenshot displays the H&R Block online interface for health care enrollment. At the top left is the H&R BLOCK logo. At the top right, there are links for 'Start Chat', a user profile 'John', and a phone number 'Call Us (888)322-7557'. The main content area is titled 'Apply for Premium Tax Credit' and includes a 'Log In' section with fields for 'Returning User' (Username and Password) and 'New User' (Create My Account). A 'Your Selected Plan' sidebar on the left lists details for a UnitedHealthOne Saver 80 PPO plan, including a \$2,000 deductible and an estimated premium of \$128.75. A green callout box with a white arrow points to the 'Create My Account' button, containing the text: 'Users create My H&R Block Account, before being directed to Healthcare.gov'. A large green arrow points downwards from this callout to a laptop displaying the Healthcare.gov website. The laptop screen shows a search bar, a '4' in a circle, and various service icons. At the bottom of the interface, there are logos for TRUSTe and a 'Close' button.

Users create My H&R Block Account, before being directed to Healthcare.gov



H&R BLOCK Start Chat | John | Call Us (888)322-7557

You're not yet enrolled!
You're not done just yet. Make sure to enroll in your plan selections on this page.

Confirm Your Tax Credit!
You are eligible for a premium tax credit of **\$88.50/month**.
Don't want to use your full tax credit? You can [adjust here](#).

Welcome Back, John
What just happened? You've completed your application on the FFM website and we have applied your official tax credit determination below.

Important Notice! Please note the following updates:
You are eligible for a premium tax credit of \$88.50 per month.
Please call 1-888-322-7557 if you have any questions.

Almost done!
Please review your selections below and continue to the next step.

UnitedHealthOne | UnitedHealthOne Saver 80

aetna | Aetna Guardian OAMC Value 5000

Plan Type	Deductible	Coinsurance	Copay	Plan Details
PPO	\$5,000	20%	\$0	View

REGULAR MONTHLY PRICE **\$107.00**
YOUR MONTHLY PRICE **\$80.50**

[Continue](#)

[Continue](#)

© 2013 H&R Block | Privacy Policy

After completing subsidy eligibility on the federal exchange, users are automatically directed back to the selections and complete enrollment



You are enrolled!

Your coverage is pending final acceptance from your health insurance companies. Once accepted, you will receive your proof-of-coverage cards in the mail.

Coverage summary

You are now enrolled in the plans below.

UnitedHealthOne

UnitedHealthOne Saver 80

Plan Type: **PPO**

Metalic Level: **Gold**

Deductible: **\$2000**

Copay: **\$0**

Plan Details: [View](#)

[Change this plan](#)

APPLIES TO

✓ John Doe

✓ Jane Doe

✓ Jim Doe

YOUR MONTHLY PRICE

\$40.25

Pre-Total: **\$128.75**

Calculated Tax Credit: **\$88.50**

After completing enrollment users are sent a confirmation email

- 30 company offices in Phoenix market
- Staffed with **H&R Block Health Care Advisors** (trained, licensed and appointed agents)
- Fully integrated retail marketing plan
 - Localized TV, radio, and billboard advertisements



- HRB is a trusted brand
- Strong consumer preference for face-to-face assistance
- Conveniently located retail locations
- Available office capacity and technology assets
- Leverage current staffing and training models
- Pre-tax season client acquisition & retention opportunity
- Future annual enrollment window



Helpth: Billboard

help + health = helpth.

help getting health insurance. helpth.com



H&R BLOCK[®]

Phoenix pilot: Billboard

Helpth: Train Wrap



- The impact of the Affordable Care Act on the federal tax code is **pervasive and complex**
- Health Care + Taxes = **Potential Opportunities** for H&R Block
- Many of our **current/potential** clients are impacted
- Block is **well positioned** to capitalize... both in the tax category and with new services
- H&R Block has **relevant assets** it can leverage
- We are in early stages... any opportunity **will take time** to unfold



H&R BLOCK[®]

Greg Macfarlane
Chief Financial Officer

Q2 FY14 Summary – Continuing Operations



(in millions, except EPS)	Actual		Adjusted	
	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2013
Revenue	\$ 134	\$ 137	\$ 134	\$ 137
EBITDA	\$ (138)	\$ (117)	\$ (142)	\$ (117)
Pretax Loss	\$ (179)	\$ (162)	\$ (183)	\$ (162)
Net Loss	\$ (103)	\$ (101)	\$ (112)	\$ (100)
Weighted-Avg. Shares - Diluted	273.9	271.1	273.9	271.1
EPS	\$ (0.38)	\$ (0.37)	\$ (0.42)	\$ (0.37)

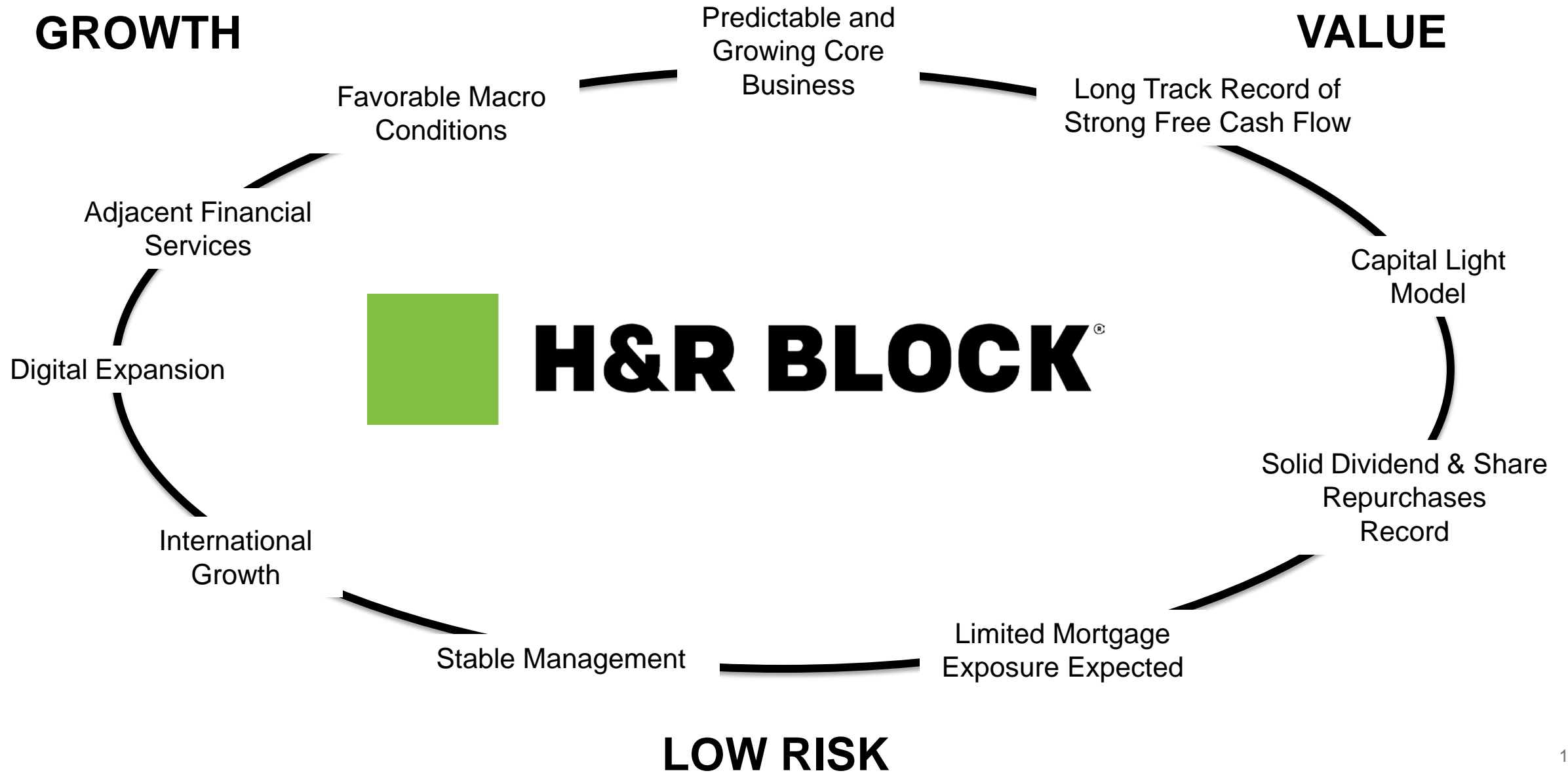
* Adjusted amounts and EBITDA (earning before interest, taxes, depreciation, and amortization) are non-GAAP financial measures. Please refer to our Dec 10, 2013 earning release for more specifics

Sand Canyon Corporation (SCC)

- Received <\$1 million of new claims in Q2; no losses paid
- Accrual for representation and warranty (R&W) obligations remains unchanged

Limited Mortgage Exposure Expected

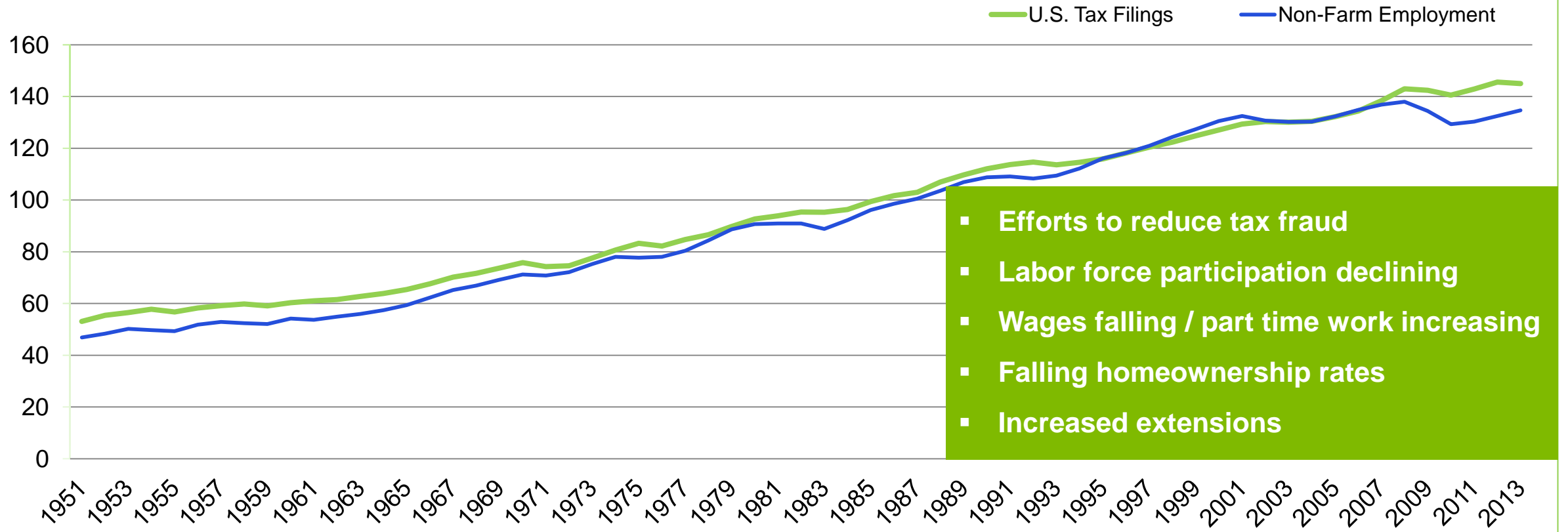
- SCC continues to wind down its remaining obligations under R&Ws provided in legacy mortgage business
- SCC is engaged in bulk settlement discussions with the counterparties from whom SCC has received a significant majority of its asserted claims
- Though there is still work ahead, SCC continues to make important strides in its wind-down efforts
- HRB continues to believe that it has strong defenses on any corporate veil piercing arguments



Predictable & Growing Core Business

- U.S. market grows 1 to 2% annually; highly correlated with non-farm employment
- Market is resilient and predictable...even through times of recession
- Life's only certainties: "Death and Taxes"

U.S. Tax Filings & Non-Farm Employment

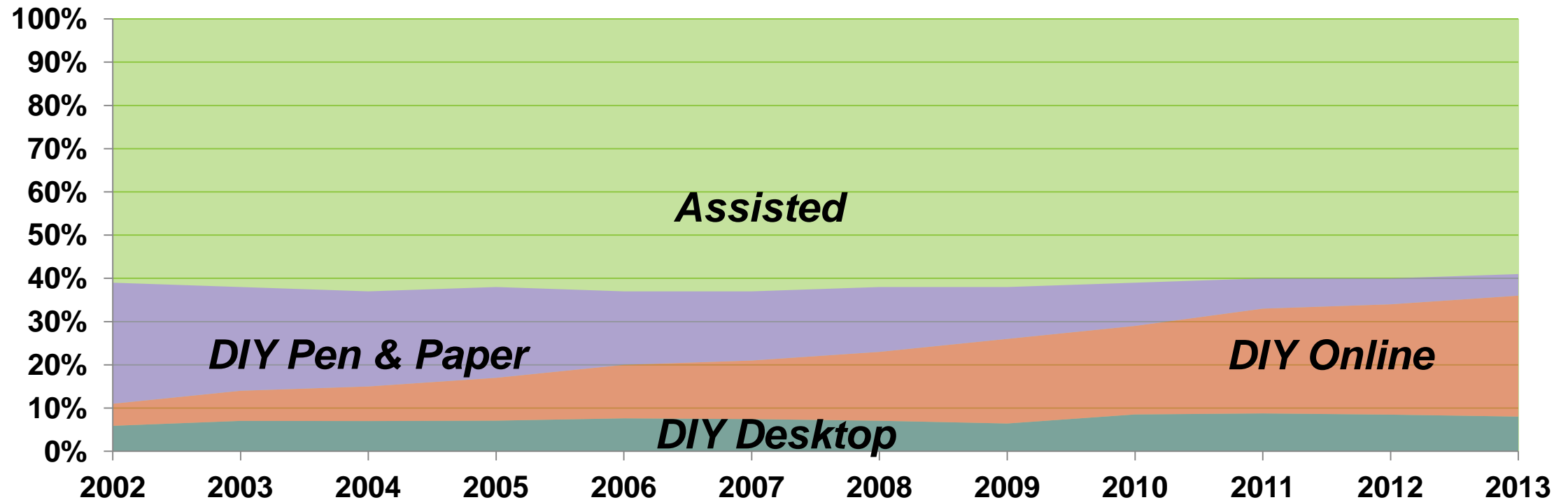


Two Fundamental Ways to Prepare Taxes

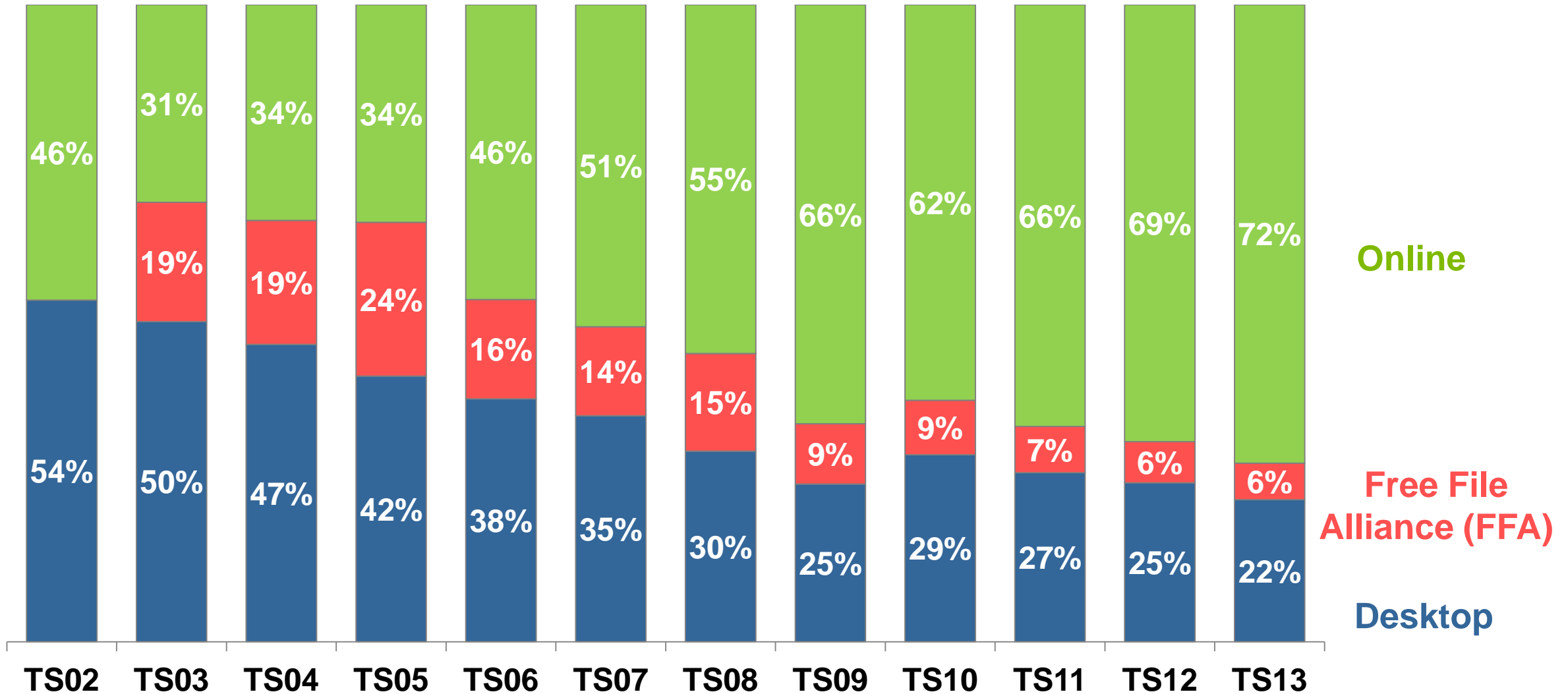
.... and the proportion hasn't changed

- Tax code complexity, value of tax professionals, IRS fears, cost/benefit, time
- Digital growth driven by Pen & Paper filers outsourcing calculations to software
- Online is the largest and fastest growing method of digital tax preparation

How Americans File Their Taxes...

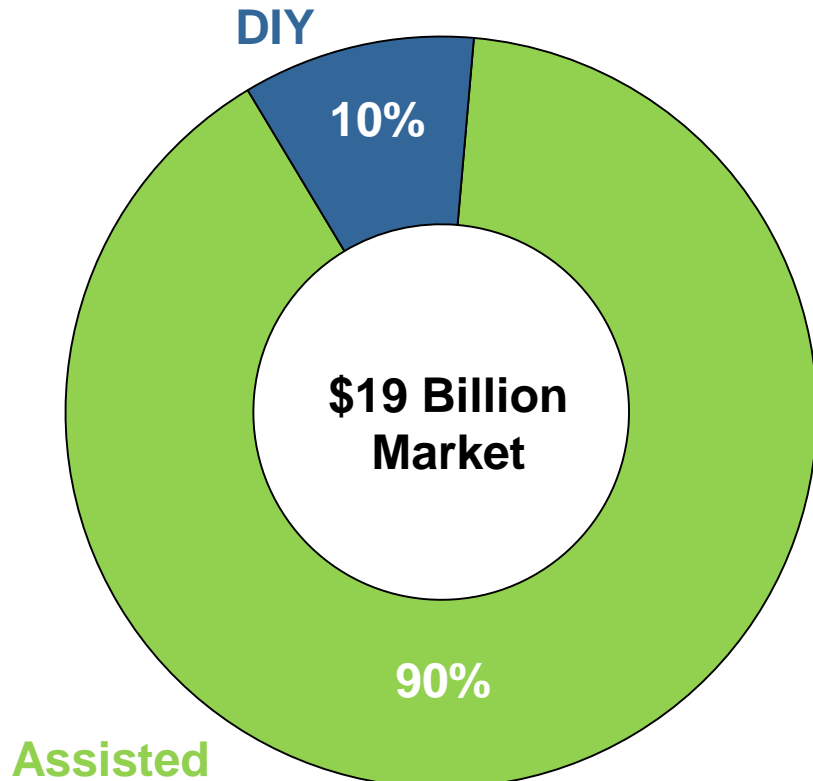


DIY Digital Tax Preparation Trends



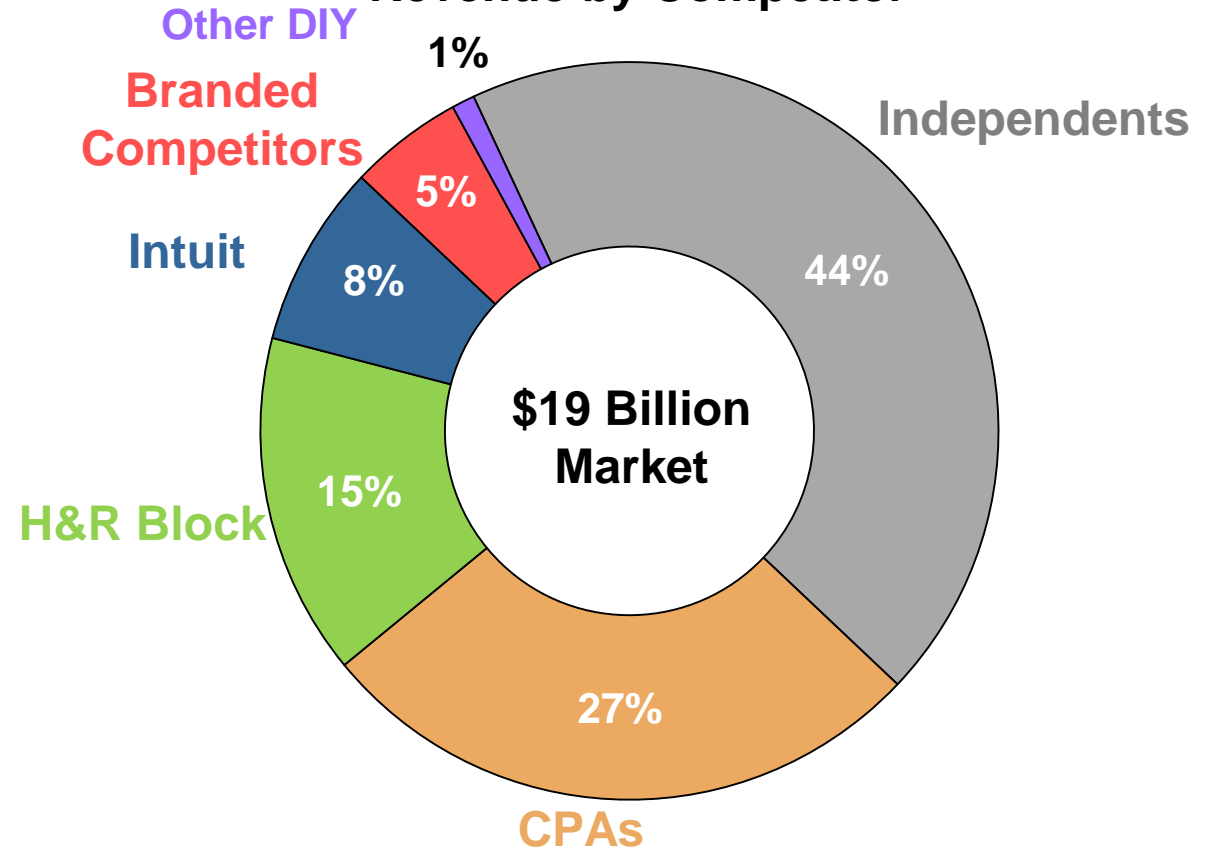
Note: Based on H&R Block estimates; Online Category includes Mobile.
Due to increased industry eFile adoption rates, Desktop share based on eFiles TS10-TS13

U.S. Industry Tax Preparation Revenue by Category



- While assisted is about 60% of returns, it accounts for 90% of industry revenues

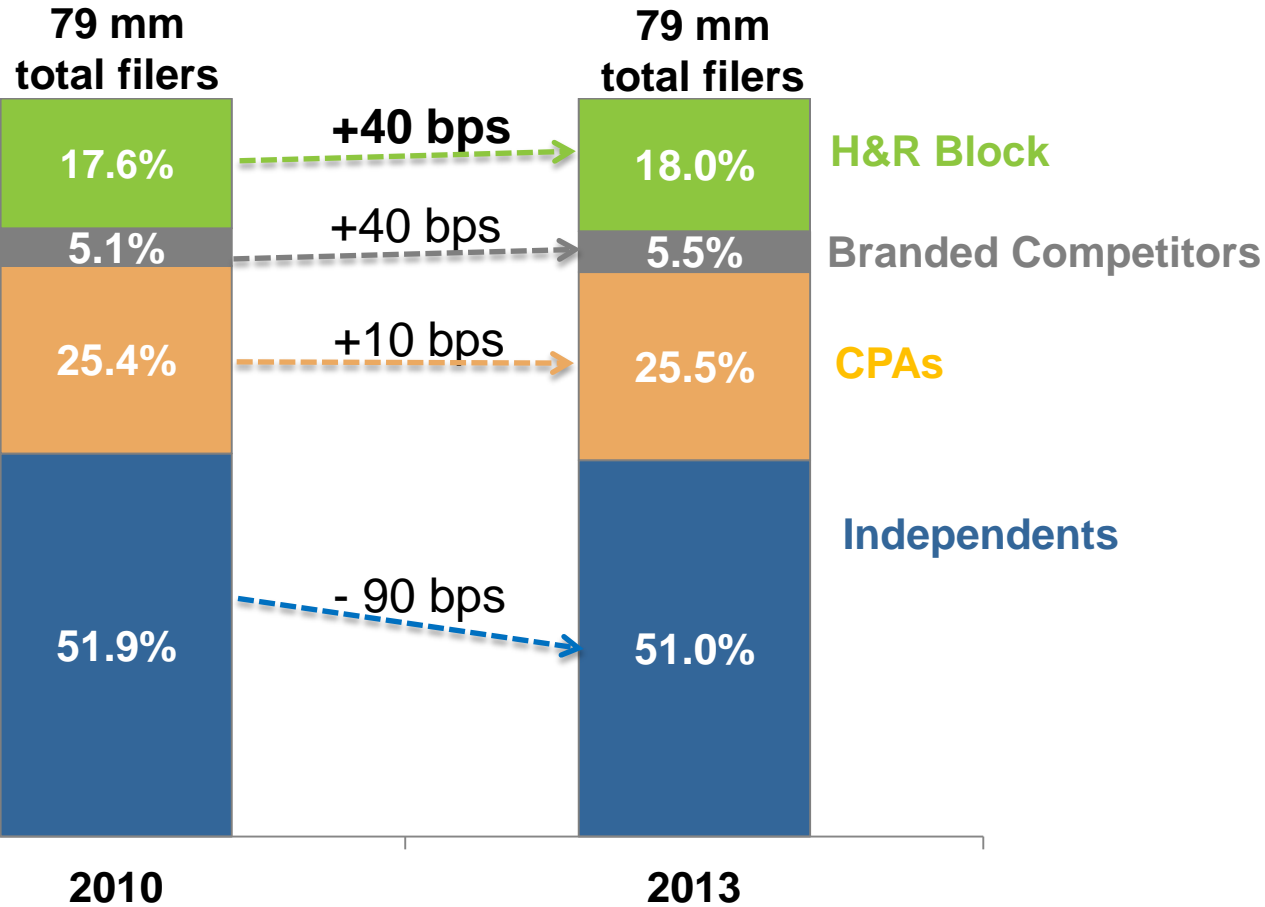
U.S. Industry Tax Preparation Revenue by Competitor



- H&R Block generates more revenue than all branded competitors combined

U.S. Assisted Tax Category

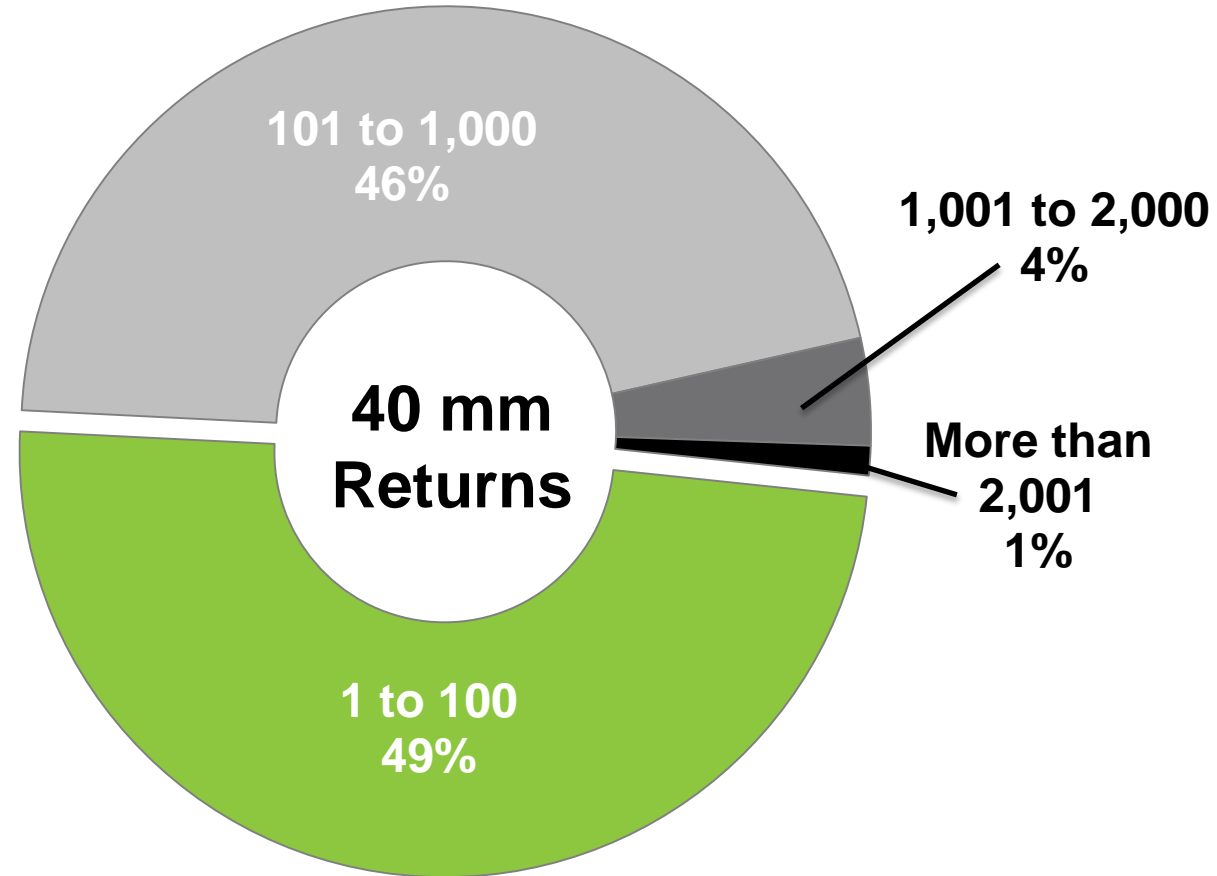
U.S. Assisted Category Share



Independents have lost almost 1% market share since 2010

* Based on H&R Block estimates of market participants and IRS data

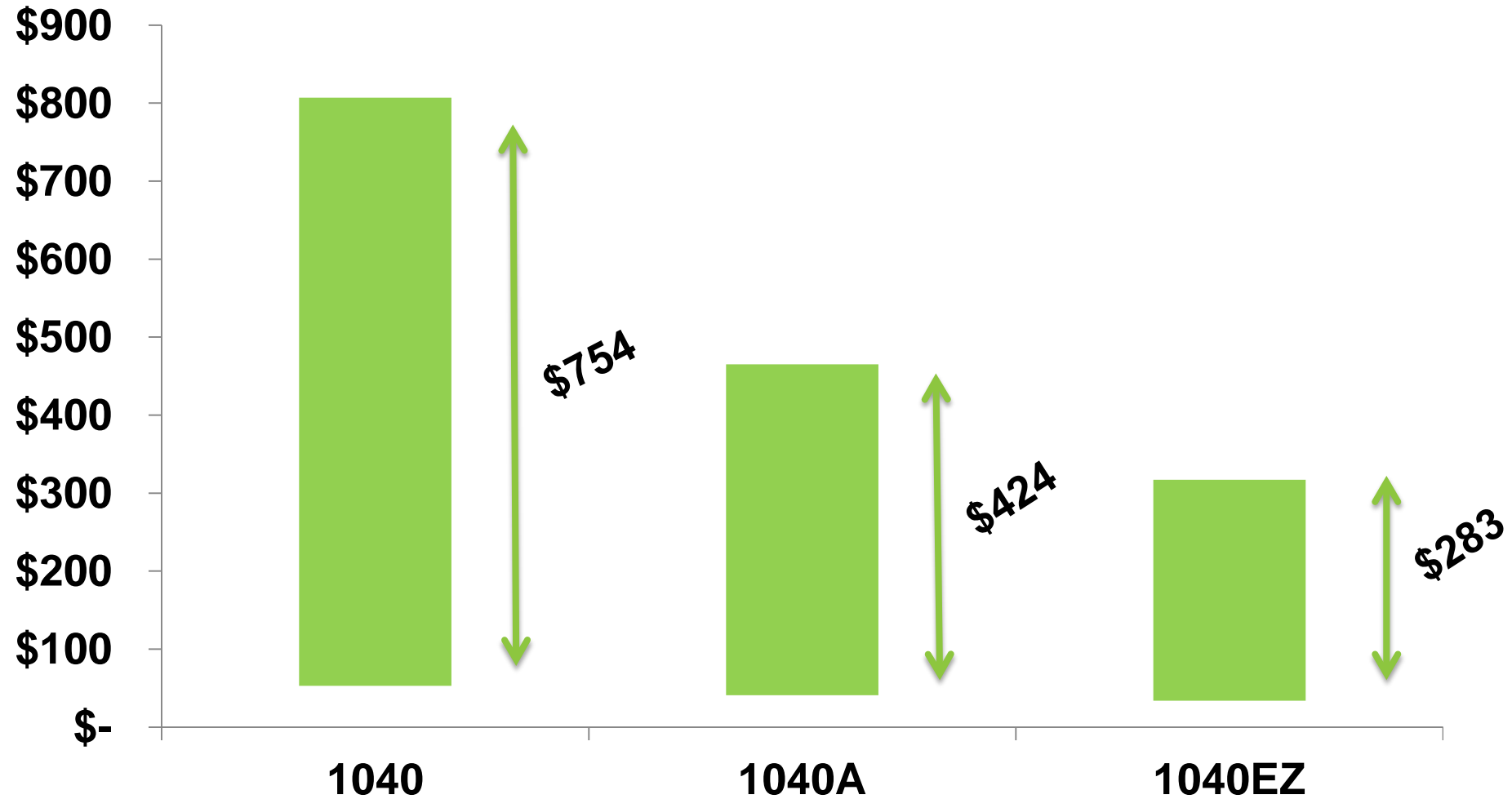
Returns Prepared Per Independent



*Half of Independents write **less than 100** returns*

Independent Category: Wide Range of Pricing

Price by Form Type



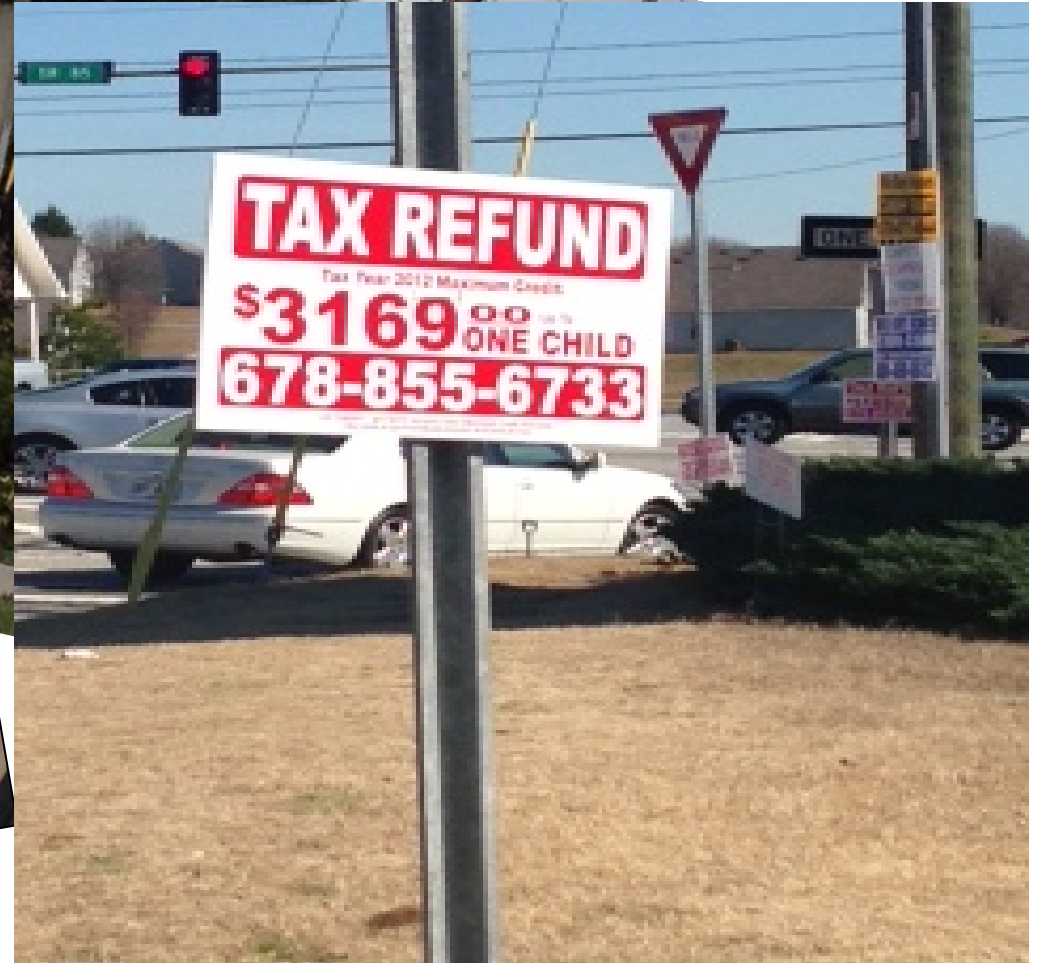
E-File Rejection Rates

Competitor Category	Locations	TS13 Avg Accepted E-Files	E-File Rejection Rate*
Pawn, Rentals, Travel, etc	558	373	11.0%
Financial/Insurance	12,457	206	9.7%
CPAs	48,024	194	3.8%
Bookkeeping	27,589	256	6.8%
Check Cashing	3,385	62	13.2%
Gov't & Non-Profit	5,961	238	6.5%
H&R Block	10,669	1,205	4.5%
Independents	130,855	262	8.2%
Jackson Hewitt	6,386	310	8.4%
Liberty Tax	3,756	398	12.3%
Regional/Small chains	5,747	325	11.6%

Source: IRS Part Year 2013 E-File Database and HR Block Corporate Analytics

IRS rejects Independent returns at nearly **2x rate of HRB**

Independent Category: Local Marketing



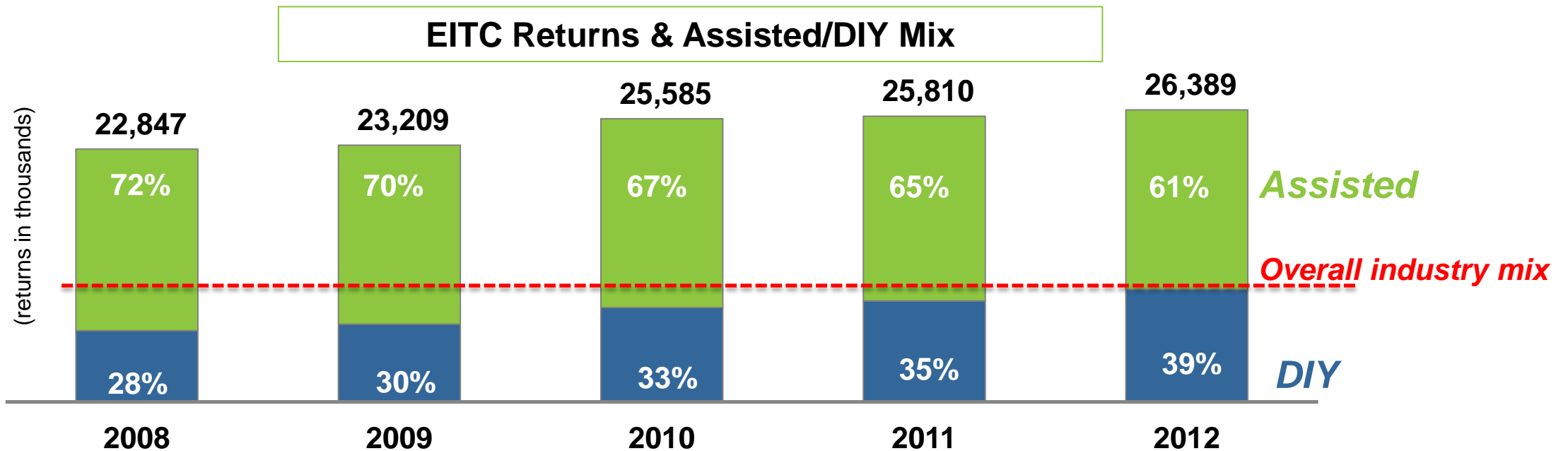
Fraudulent Returns & Improper Payments

- IRS estimates \$11.6B – \$13.6B improperly issued EITC payments*
- EITC Improper Payment rate is over 20% for past ten years
- The EITC is identified as the only high-risk program throughout the Department of Treasury and IRS
- Several independent competitors have had issues with fraud and some have been recently shut down



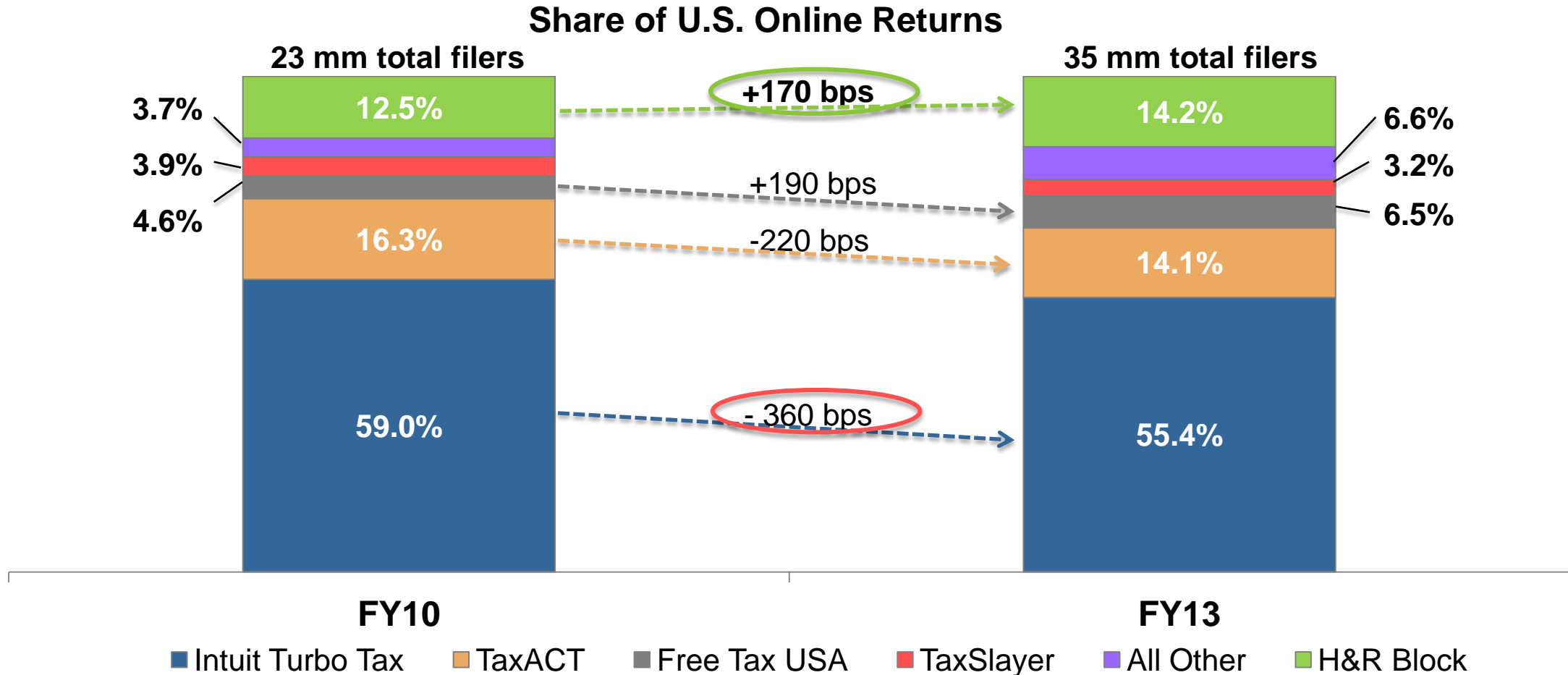
IRS is working hard to solve these issues

- Return preparer initiative to implement standards for assisted tax preparation
- IRS has implemented standards for EITC returns completed with a paid preparer, causing a shift in EITC forms filed in the DIY category



Growing Share in Digital

- **DIY composition: 64% Online; 20% Desktop; 11% Pen & Paper; 5% FFA**
- HRB gained share in the largest and fastest growing digital category, Online
- Outpaced two largest digital competitors for three consecutive years



Note: Based on H&R Block estimates; Online Category excludes Desktop (Digital) and Free File Alliance (FFA)

HRB's Competitive Advantages

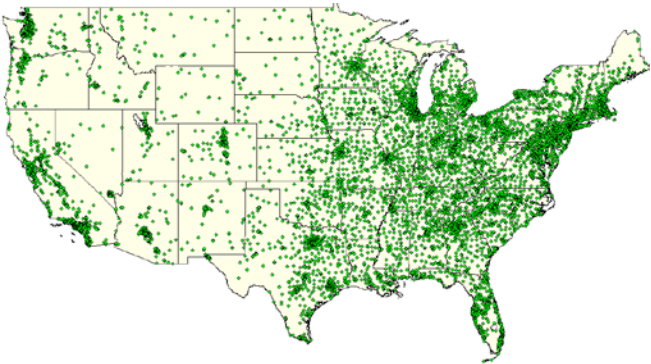


Scale

Tax Professionals

Brand

Tax Industry Innovation



HRB is the best and only tax preparation company that serves clients Anywhere, Anyway and Anytime they want to be served

Scale: HRB's Unmatched Reach

Company Offices

6,211

Avg Size:

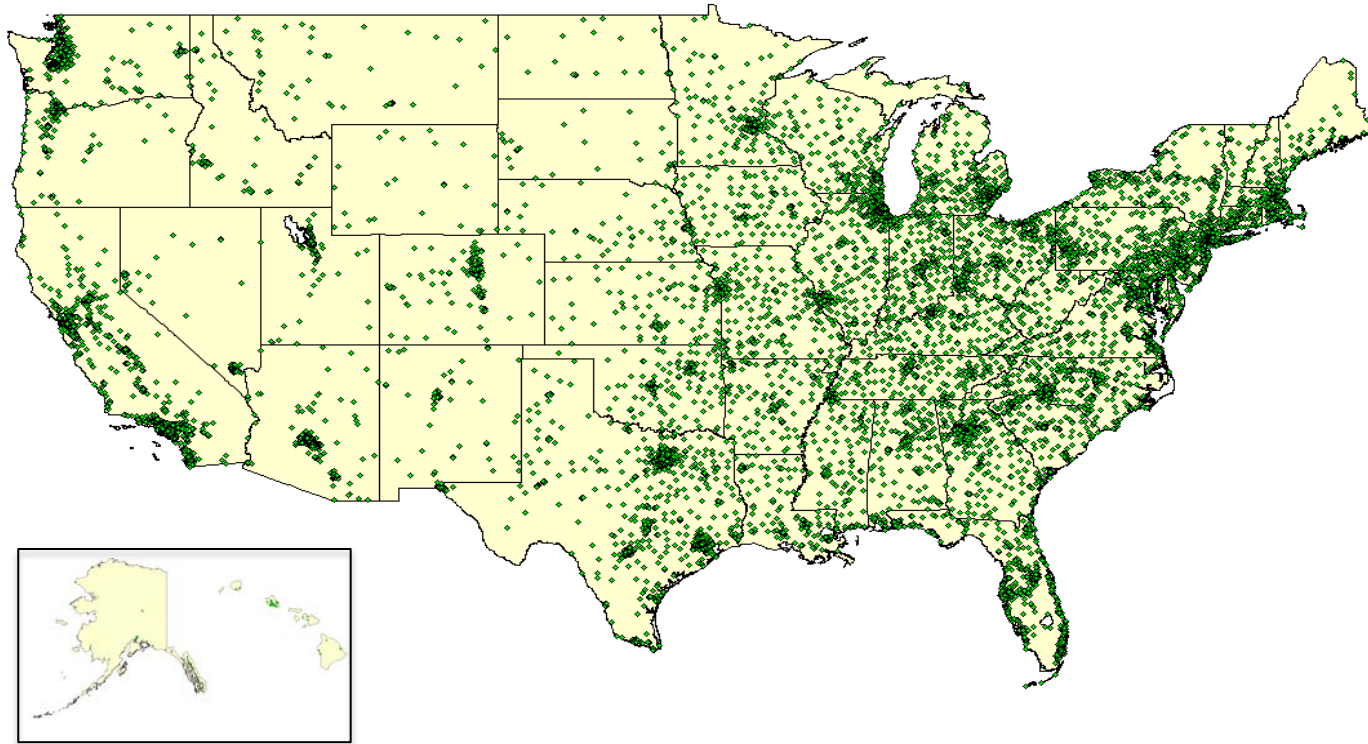
1,700 sq ft.

Franchise Offices

4,507

Avg Rent:

\$36,000



Operational Experience

- Entering our 59th season
- 46% of offices open for 30+ years

Scalability

- Ability to quickly scale up/down to optimize network footprint
- Field offices are leased
- 85% of Americans are within 5 miles

Operating Leverage

- \$60K to open a new office
- New offices breakeven or better in the first year
- Open year-round by appointment

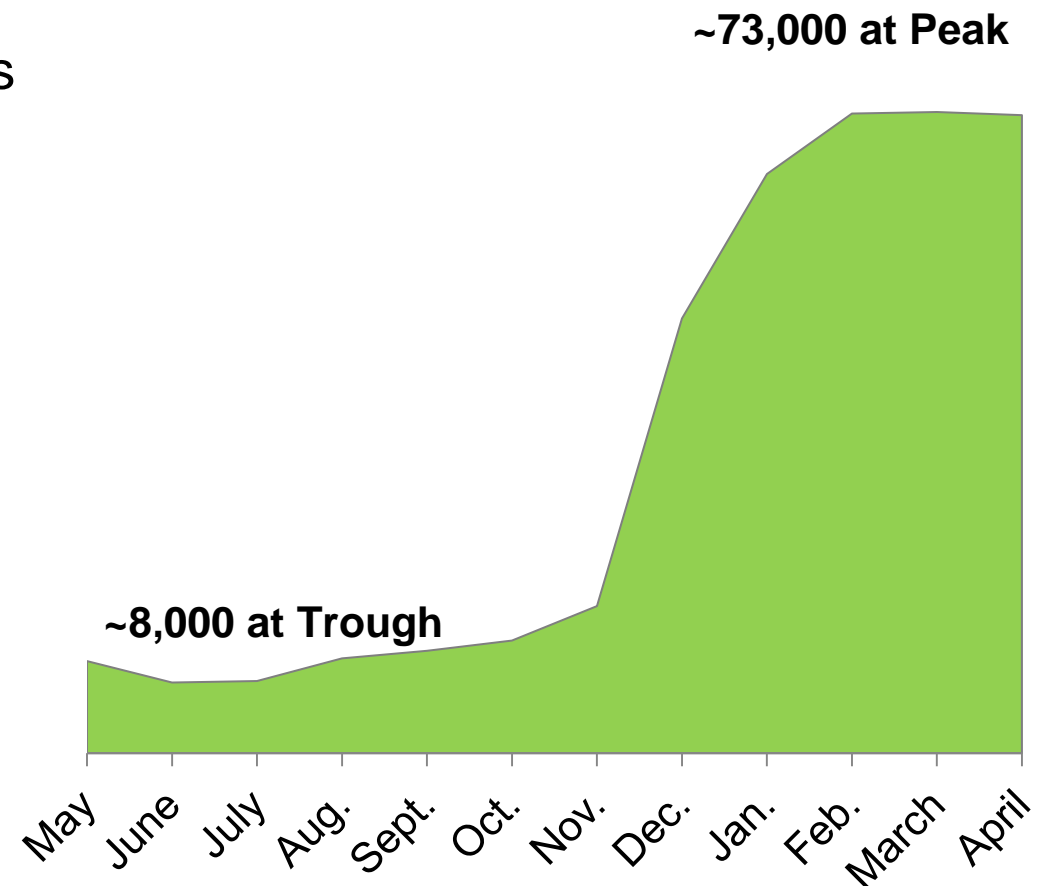
Tax Professionals: Unmatched Seasonal Staffing Experience

Delivering the industry's best tax pros....

- ✓ More than 70,000 highly trained tax professionals and associates in the U.S.
- ✓ Average HRB tax professional completes 43 hours of training annually
- ✓ Over 7,500 Enrolled Agents and CPAs
- ✓ H&R Block's The Tax Institute (TTI) is the nation's largest independent tax "Think Tank"

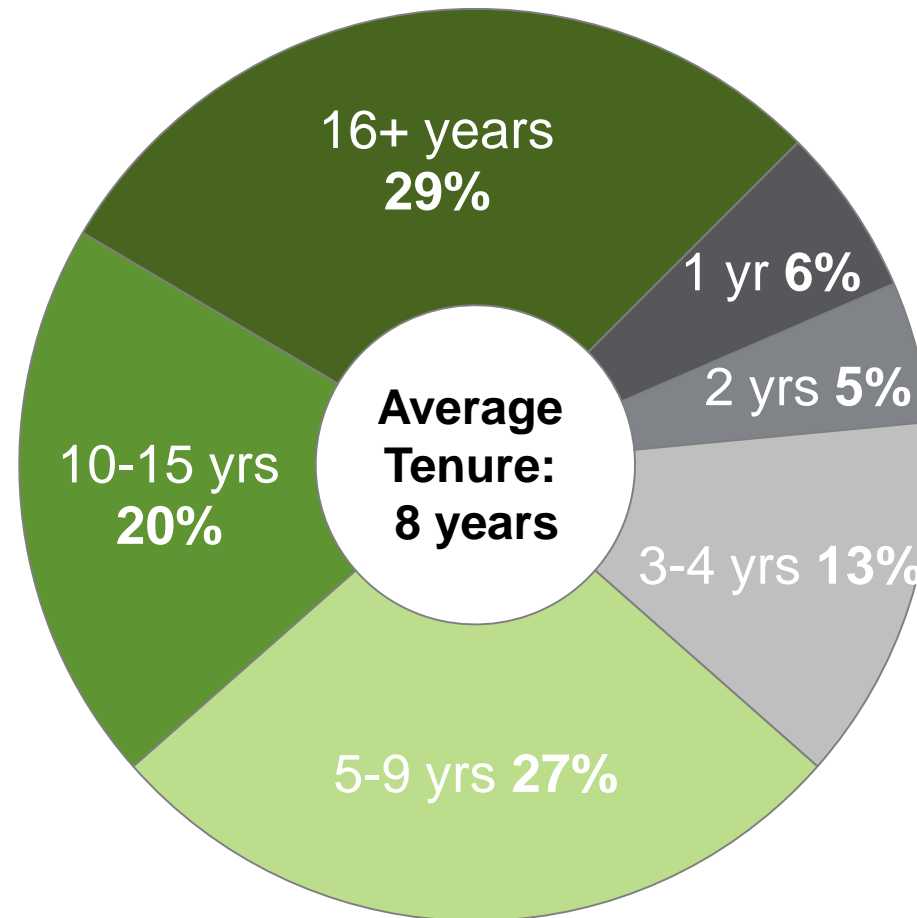


2013 HRB U.S. Staffing Levels



Tax Professionals: HRB Experienced Tax Pros Drive Higher Client Retention

Tax Returns Prepared by Tax Professional Tenure¹

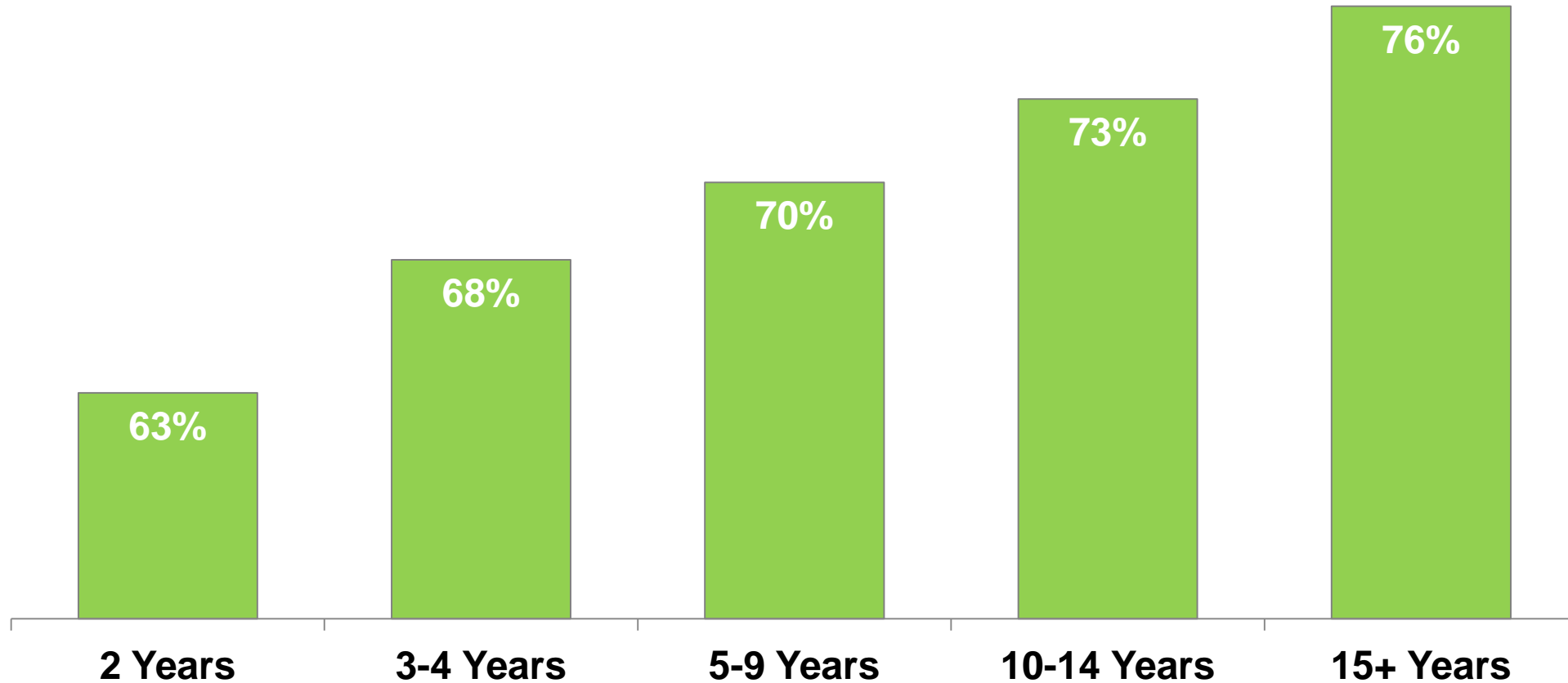


¹ Company owned offices only

Tax Professionals: HRB Experienced Tax Pros Drive Higher Client Retention



Client Retention by Tax Professional Tenure

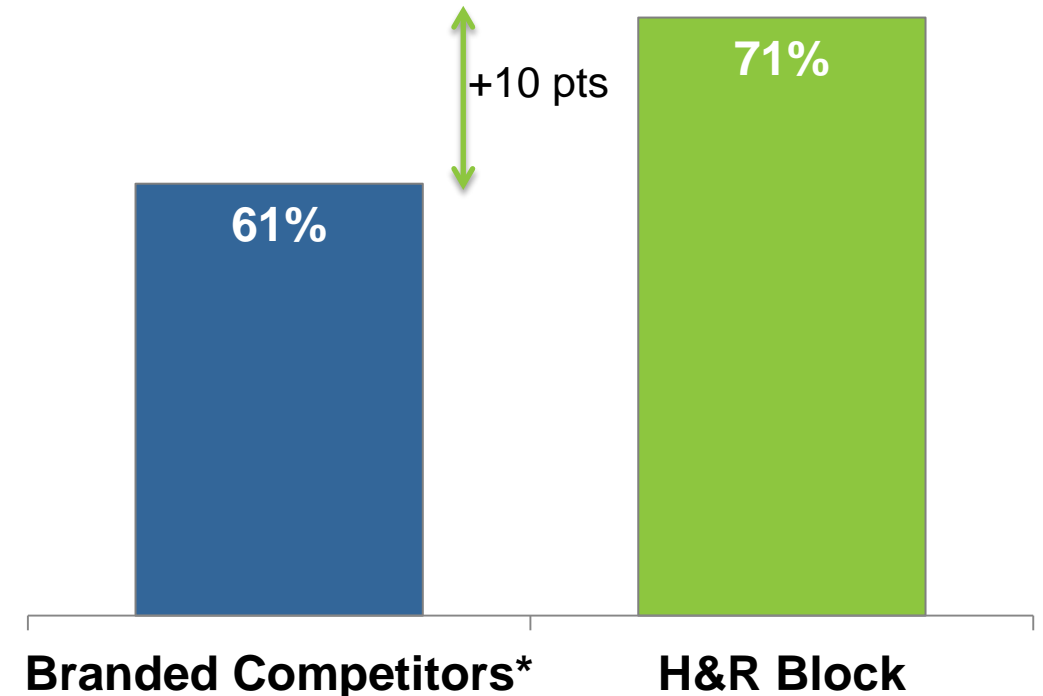


High Industry Retention...HRB Best Among Branded Competitors

Why is assisted retention so high?

- ✓ Strong relationships with tax professionals
- ✓ Mandatory filing requirements
- ✓ Taxpayers' lack of tax knowledge
- ✓ Severe consequences for inaccuracies
- ✓ Time constraints
- ✓ Access to adjacent financial products
- ✓ Easy accessibility

Assisted Client Retention



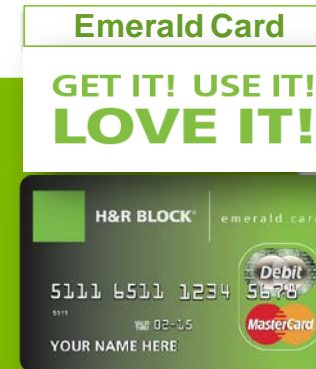
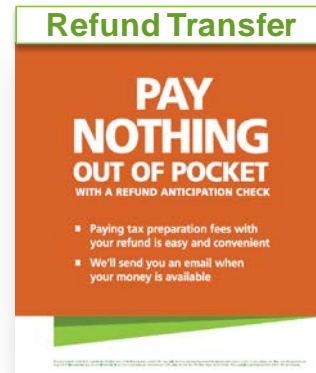


H&R BLOCK®

- 98% brand awareness
- Similar brand recognition as Coca-Cola, McDonald's, and Walmart
- Our brand represents taxes, expertise, and trust
- Competitively advantaged in both Assisted and Digital

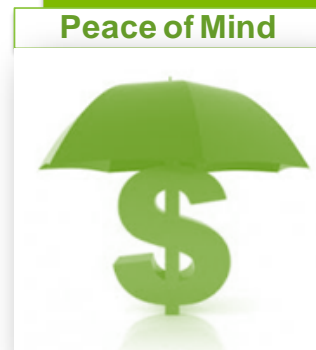
Innovation: “Tax Plus” Strategy Improves Client Service

- Allows tax preparation fees to be paid from tax refund



- 3rd largest general purpose reloadable debit card in the U.S.

- Covers audit representation and additional fees associated with errors and omissions



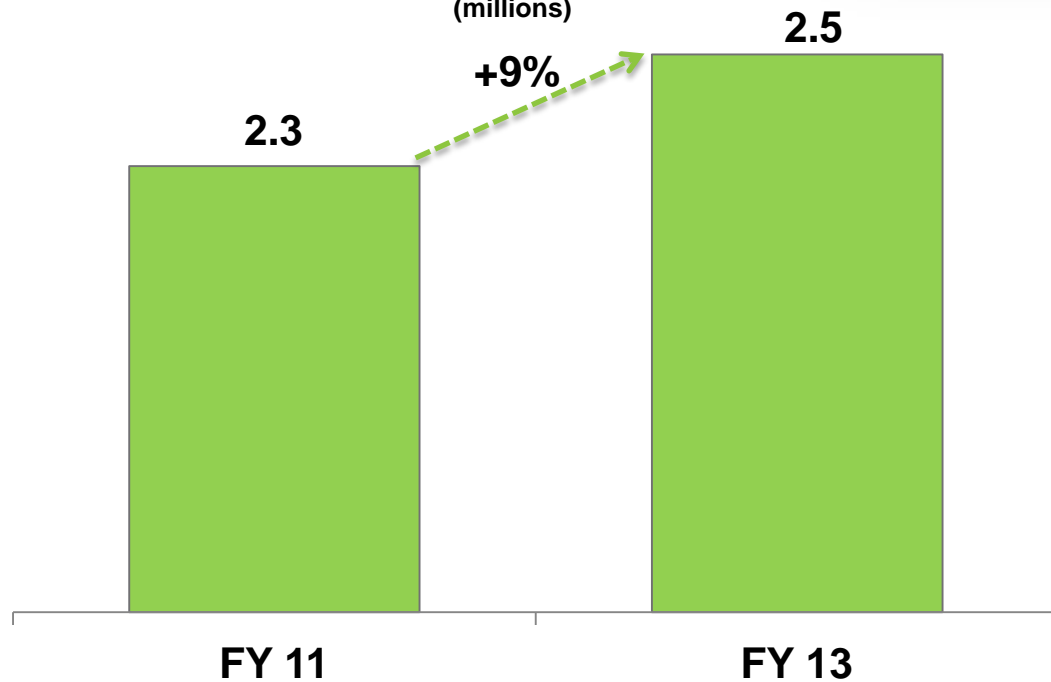
- Line of credit promoted prior to tax season

Best-in-class financial products enhance relationship with clients

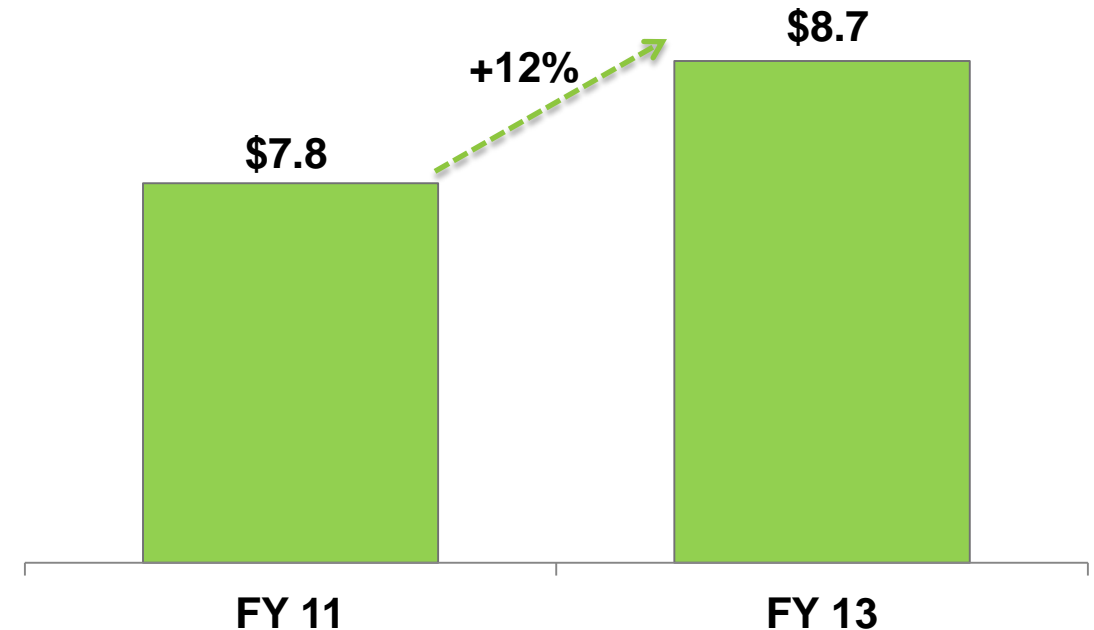
3rd Largest General Purpose Reloadable Debit Card in the U.S....



Emerald Cards (millions)



Total Deposits (Billions)



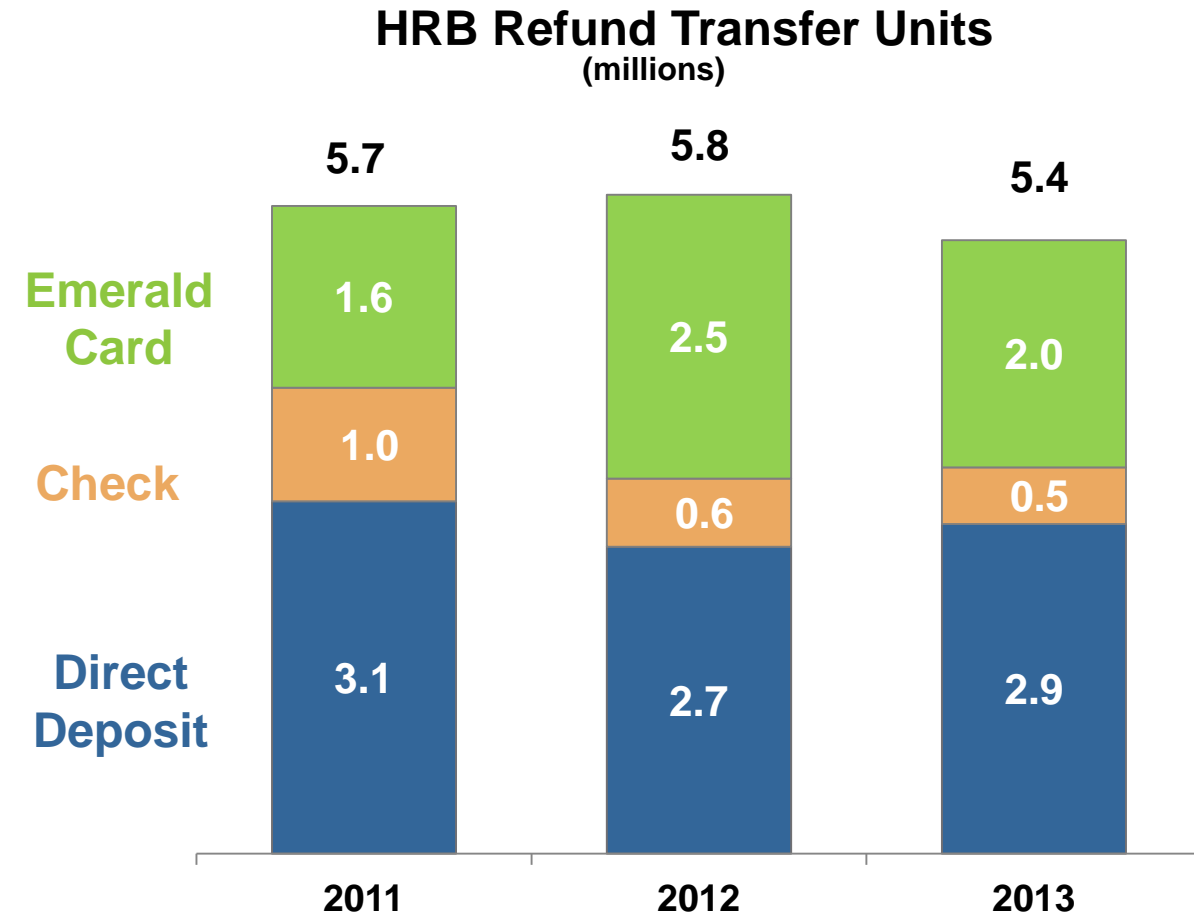
...With a Strong Opportunity to Grow

	<u>Green Dot</u> ²	<u>NetSpend</u> ²	<u>Emerald Card</u>
Accounts (#mm)	4.4	2.4	2.5
Load Volume (\$B)	\$17.2	\$13.2	\$8.7
Load Volume per Account	\$3,909	\$5,500	\$3,438
Revenue (\$mm)	\$546	\$351	\$99
Revenue per Account	\$124	\$146	\$39
Reloader Volume	46%	46%	7%

¹ 2012 CFSI Money 2020 presentation

² Based on 2011/2012 10-K filings

- Customers can deduct their tax prep fees from their refund and receive that refund faster than a mailed check
 - 86% of HRB clients get a refund at an average of \$2,620
 - \$21B of tax refunds funded through Refund Transfers in 2013
- Free Refund Transfer offering from 2012 not offered in 2013



In fiscal year 2013, H&R Block announced it was exploring strategic alternatives for its bank

Primary Objectives

- Continue to grow our Financial Services business
- Cease being a Savings and Loan Holding Company

Benefits

- Unlock capital
- Minimal client impact

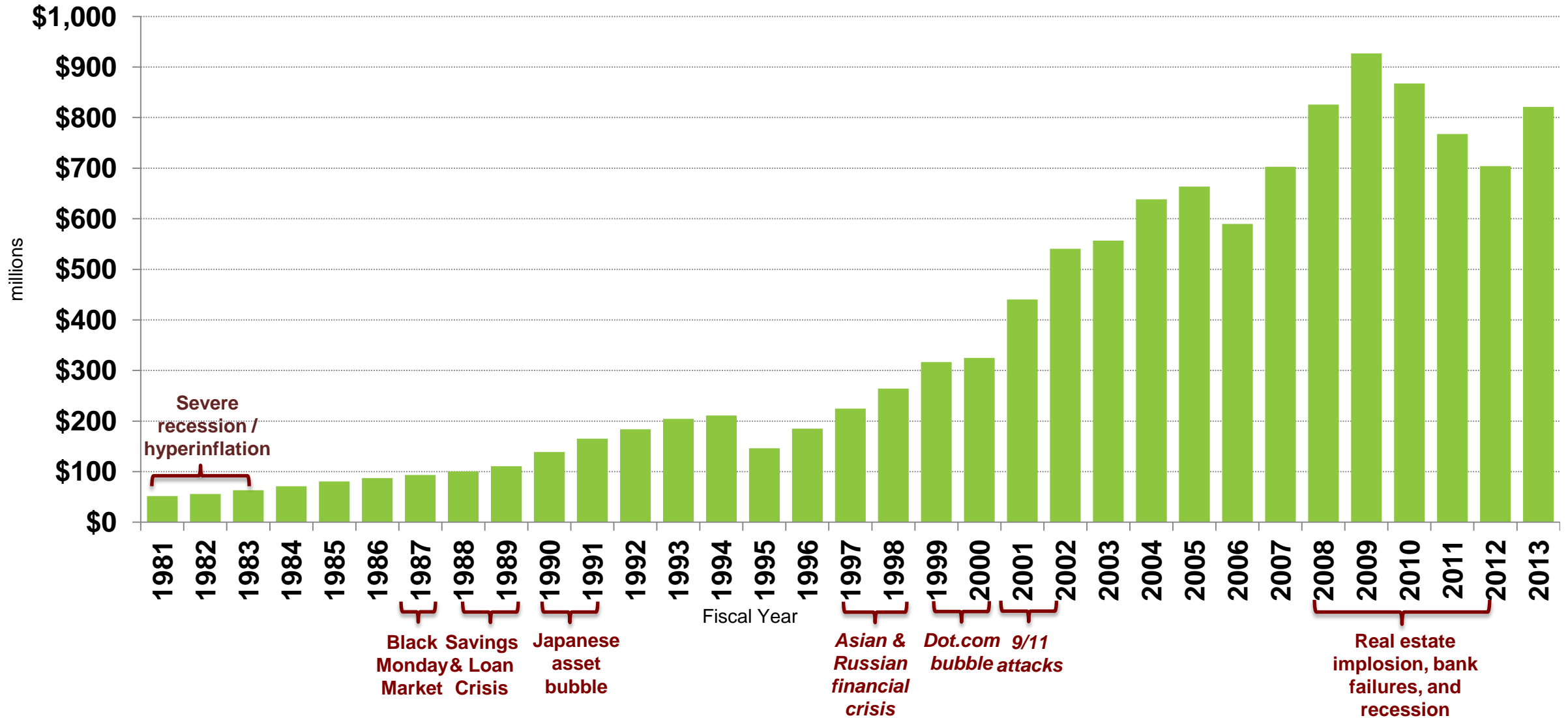
- This a unique and complicated transaction
- Goal is to transition to a third party bank prior to tax season 2015

- The Affordable Care Act has created a clear intersection between **Health Care** and **Taxes**
- **Potential opportunity** exists:
 - Possible new client acquisition
 - Incremental tax preparation revenue
 - Possible shift from DIY to assisted
 - Enrollment services
- Timing and magnitude are **uncertain**
- **Investing prudently** to be the best positioned in this market



Long History of Growing Earnings

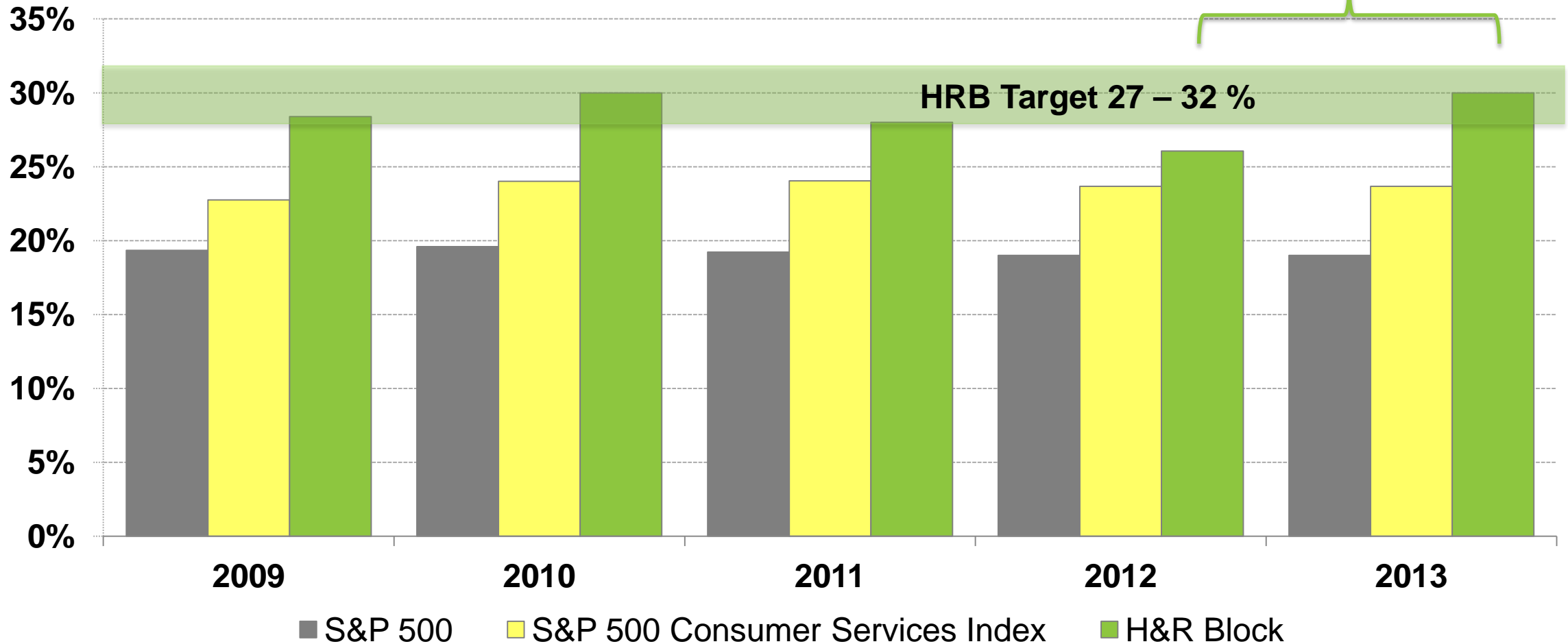
HRB Tax Services Segment Pretax Earnings



Strong EBITDA Margins

EBITDA Margins

FY13 EBITDA margin increased 4 points to 30%



*All numbers represent continuing operations

**S&P 500 and S&P 500 Consumer Service Index source - Bloomberg

Preferences Waterfall

1. Ensure adequate funds for operational and liquidity needs
2. Support strategic options
3. Support dividend
4. Repurchase shares and/or increase dividend

Requirements

- Disciplined evaluation
- Accountability
- Clear view of value

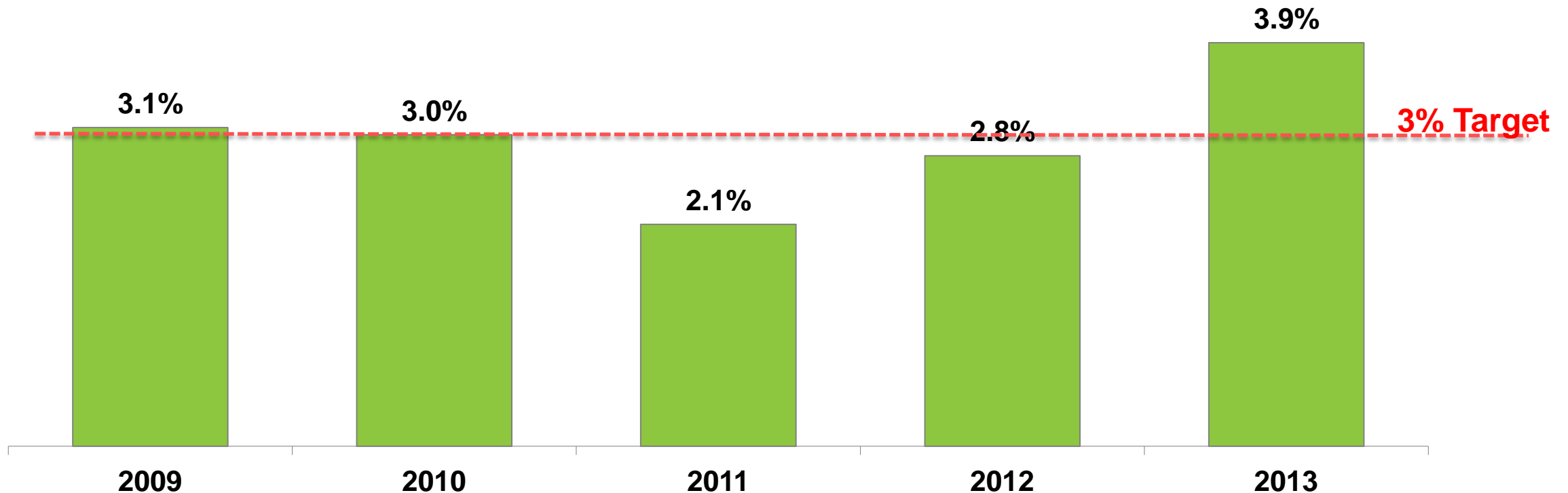


Deliver Consistent, Meaningful Shareholder Returns

A Capital Light Model: Operational Needs

- As a large retailer, we need to invest in our professional appearance
- As a large technology company, we need to invest in software and hardware
- But, as a more mature company, we are “**capital light**”

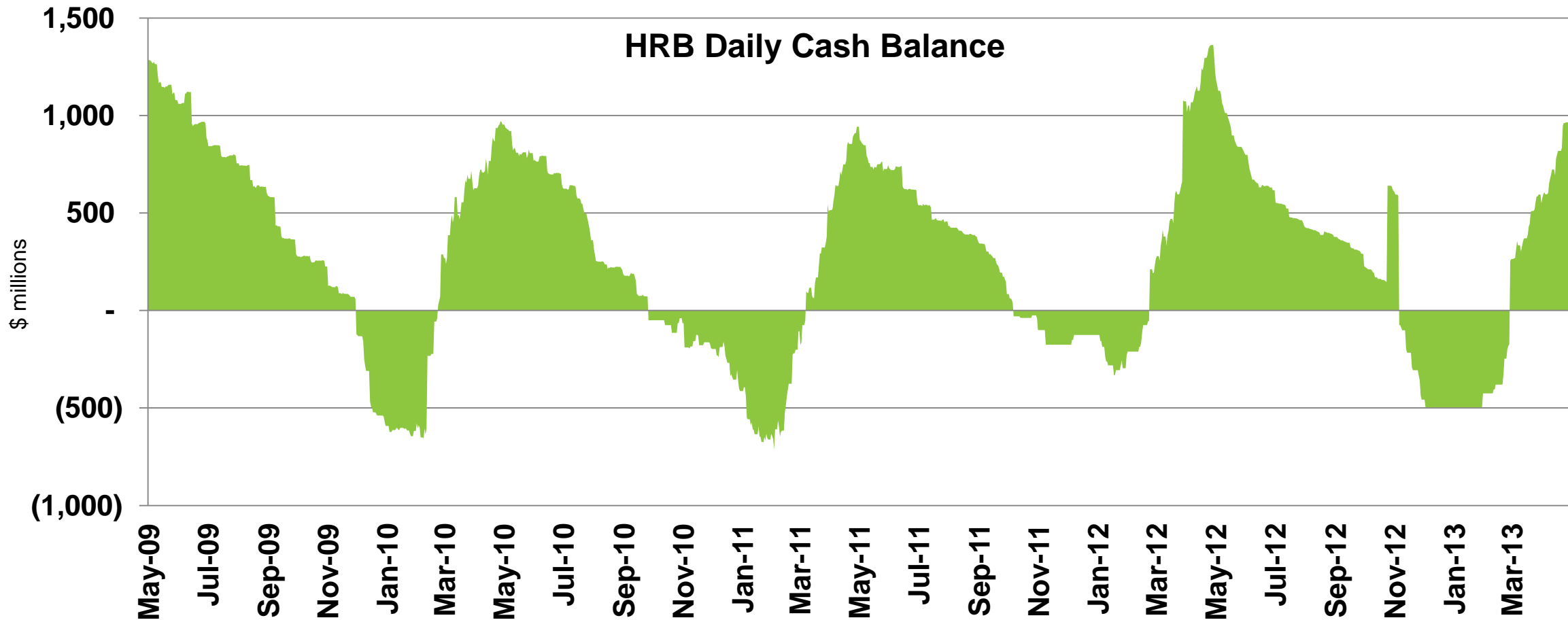
Capital Expenditures as a Percent of Revenue



Capital Allocation: Liquidity Needs

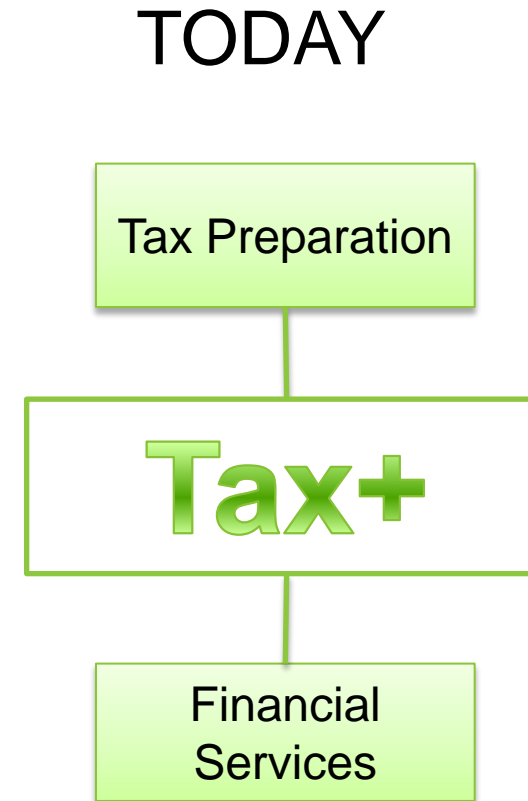
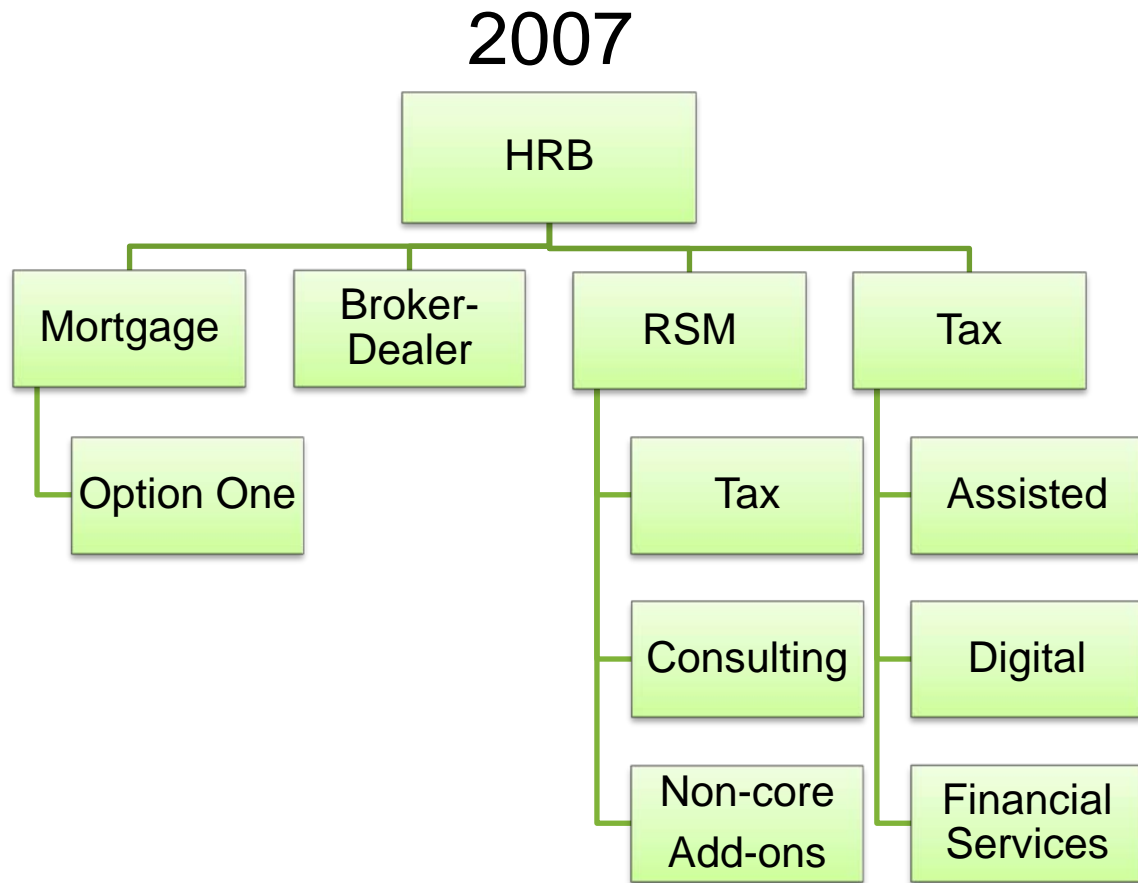
Seasonality is part of our business ...

- Large peak to trough cash volatility
- Historically relied on commercial paper, committed line of credit as backstop



FY09-FY10 excludes RAL borrowing

Capital Allocation: Strategic Needs



- Assisted
- Online
- Mobile
- Desktop
- International
- Emerald Prepaid Debit Card
- Refund Transfers (RT)
- Emerald Advance (EA) Line of Credit
- Peace of Mind (POM)

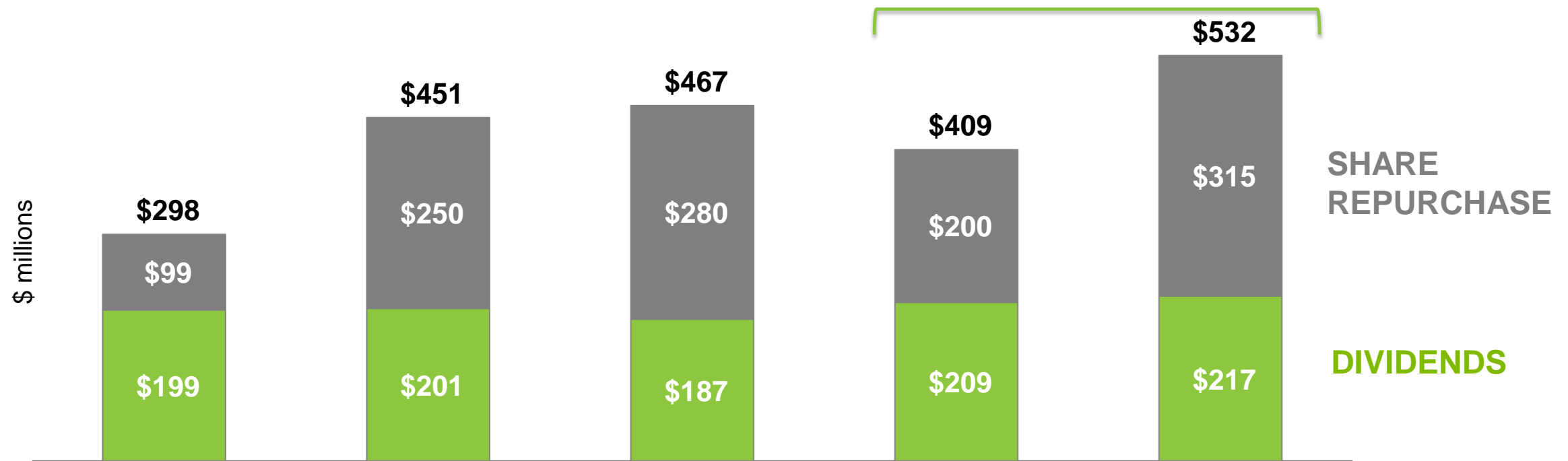
Low capital requirements present compelling opportunity to create shareholder value....

Substantial Return of Capital to Shareholders



~\$2.2 billion returned to shareholders since FY 2009

Total \$941 mm returned in FY12 & FY13



SHARE REPURCHASE

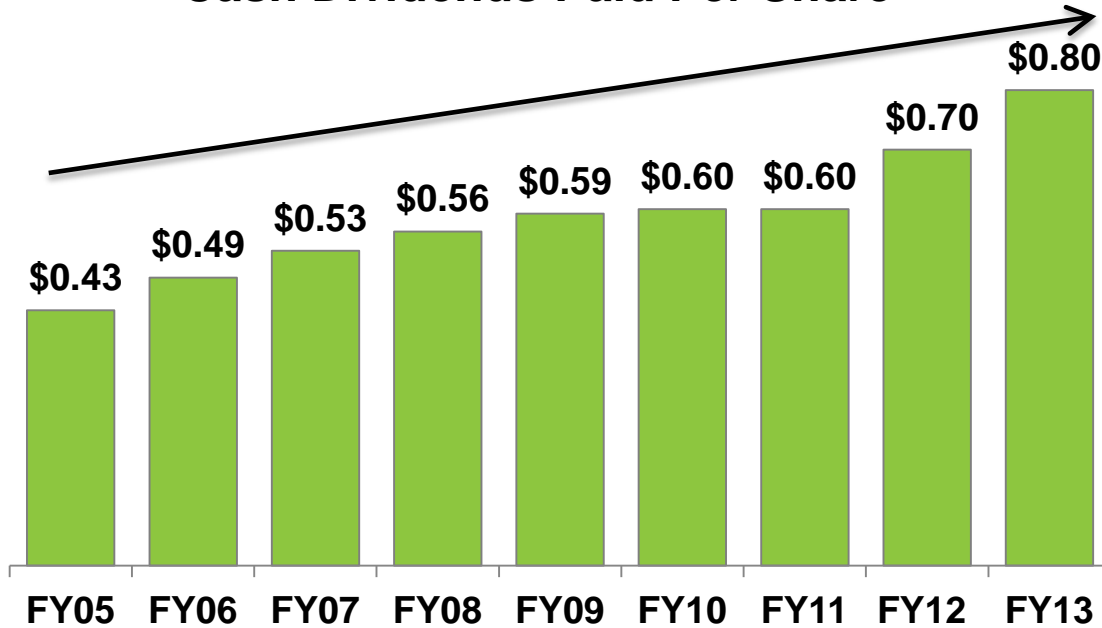
DIVIDENDS

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
% of Income – Cont Ops	66%	99%	119%	118%	114%
Average Repurchase Price	\$17.53	\$19.55	\$14.77	\$13.74	\$14.82

205 Consecutive Quarterly Dividends

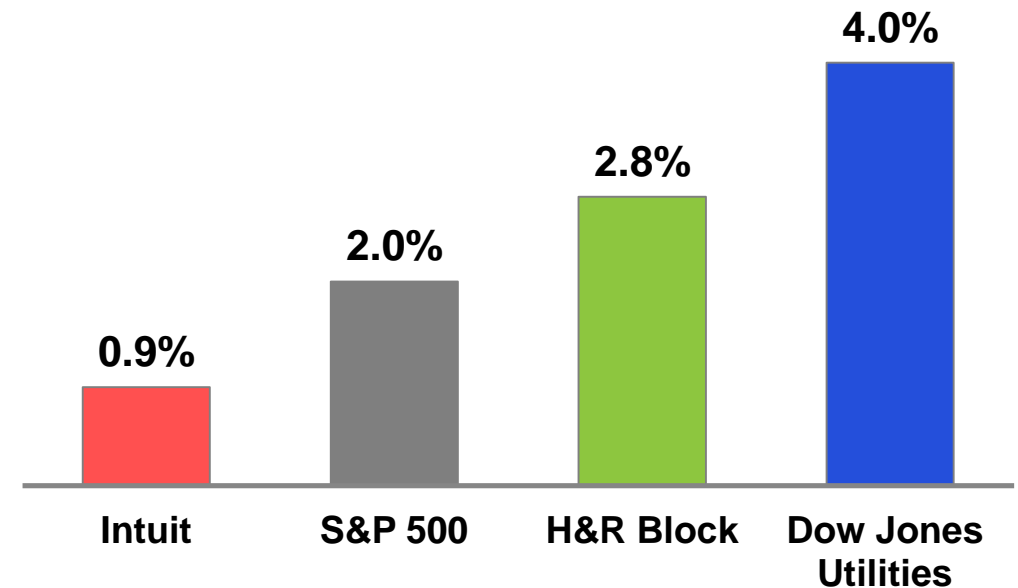
- \$3.6 billion of total dividends paid to shareholders since HRB went public in 1962
- Current quarterly dividends of approximately \$55 mm

Cash Dividends Paid Per Share



8% CAGR since FY2005

Dividend Yield¹

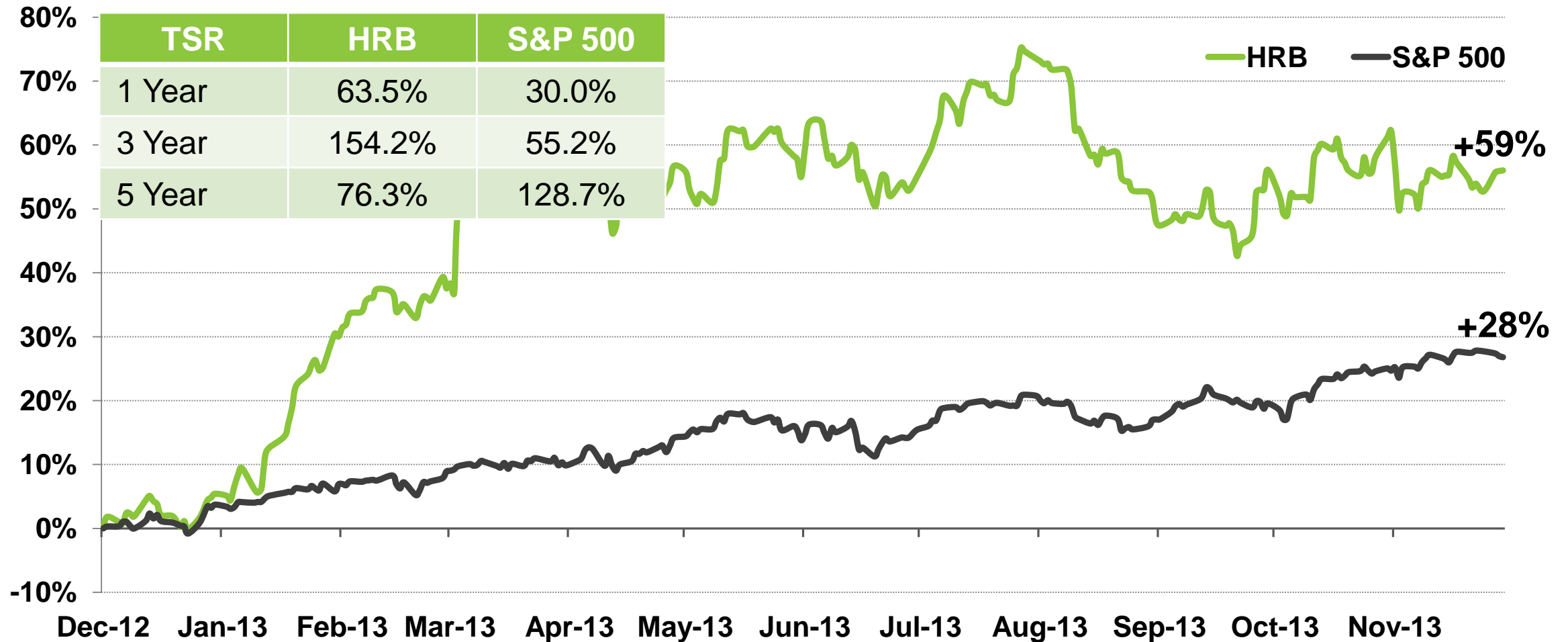


Compelling Return

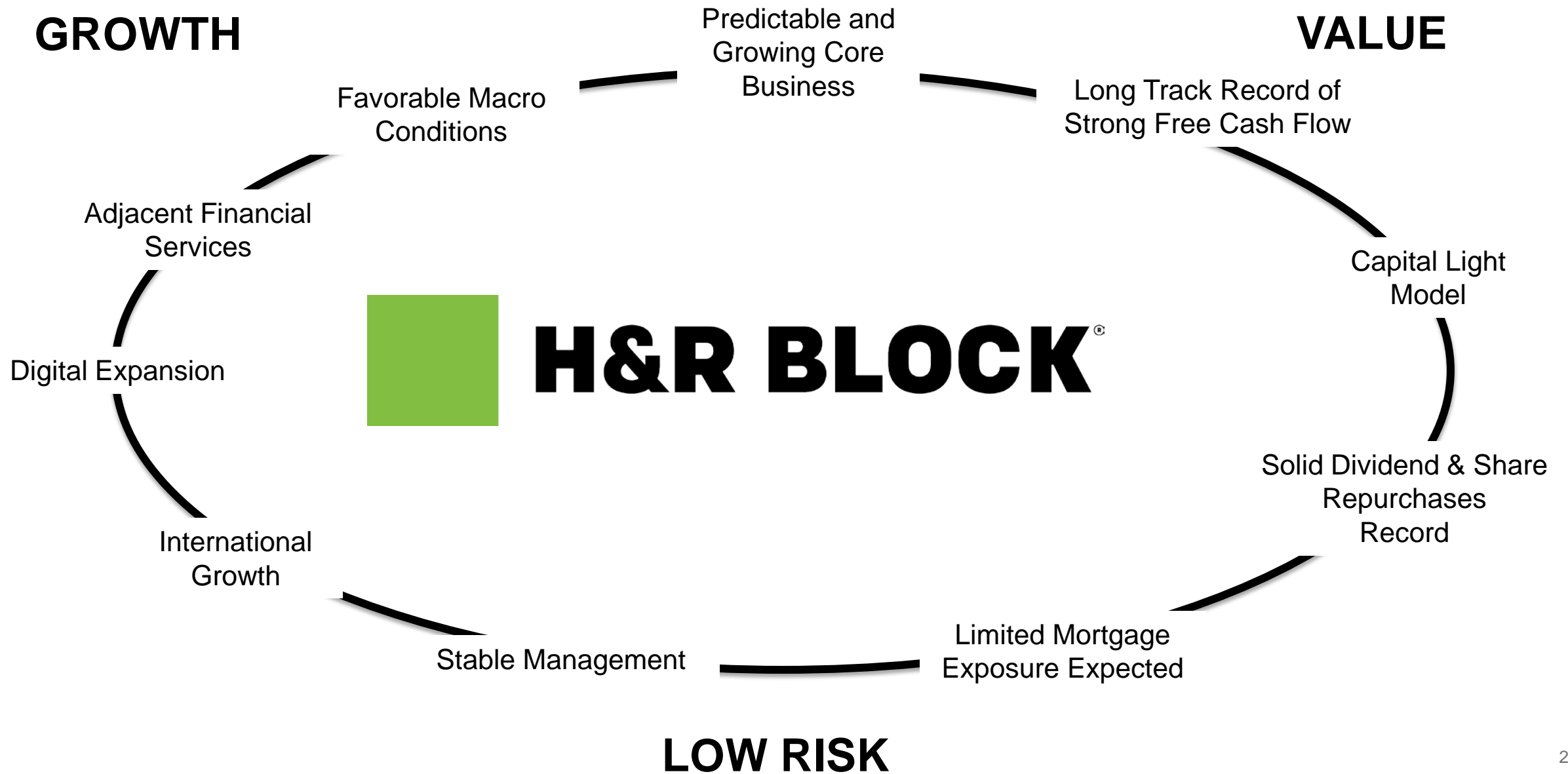
¹ Yield calculated as of NYSE market close on 12/6/13

HRB Stock Outperforms the Market

- HRB's share price has grown more than twice as fast as the S&P 500 over the past year¹
- HRB currently ranks 54th in the S&P 500 in stock price appreciation in calendar year 2013



¹Based on NYSE market close 12/6/2013



Market Factor	FY 2014	3-Year Expectation
IRS tax filings	<ul style="list-style-type: none"> • 0-1% due to delay in filing and other macro conditions 	<ul style="list-style-type: none"> • Up 1% to 2% annually
Delayed season start	<ul style="list-style-type: none"> • 1-2 week delay • \$0.01 - \$0.02 EPS dilution 	<ul style="list-style-type: none"> • Season start late-January
Complexity / Tax Law Changes	<ul style="list-style-type: none"> • Continued complexity 	<ul style="list-style-type: none"> • Continued complexity • Beneficial tailwinds • Health Care
Consolidation	<ul style="list-style-type: none"> • Continued 	<ul style="list-style-type: none"> • Beneficial tailwinds

Market Factor	FY 2014	3-Year Expectation
Adjusted EBITDA Margin	<ul style="list-style-type: none"> • Approx. 30% 	<ul style="list-style-type: none"> • Ongoing expense management • 27 – 32% Range
Bank Transaction	<ul style="list-style-type: none"> • \$0.02 - \$0.03 of non-recurring transaction costs per share 	<ul style="list-style-type: none"> • Potential \$0.06 - \$0.09 ann. EPS dilution • Unlocks ~\$100 - \$150 mm of equity
Health Care Reform	<ul style="list-style-type: none"> • \$0.03 - \$0.04 EPS dilution 	<ul style="list-style-type: none"> • HRB is well positioned to capitalize • Potential opportunity will take time
Effective tax rate	<ul style="list-style-type: none"> • 38% - 39% 	<ul style="list-style-type: none"> • Identifying ways to lower effective rate
Capital Expenditures	<ul style="list-style-type: none"> • Approx. 4% of revenue 	<ul style="list-style-type: none"> • FY15: ~4% of revenue • FY16: ~3% of revenue
Depreciation & Amortization	<ul style="list-style-type: none"> • \$115 mm to \$125 mm 	<ul style="list-style-type: none"> • FY:15 \$125 to \$135 mm • FY:16 \$135 to \$145 mm
Weighted Avg. Diluted Shares Outstanding	<ul style="list-style-type: none"> • Approx. 273 mm 	<ul style="list-style-type: none"> • See capital allocation preferences waterfall



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