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FY 2013 Q1 Earnings Call
September 5, 2012

Safe Harbor Statement

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Forward-Looking Statements

This presentation may 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, 2012 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.

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Bill Cobb, President & CEO

Q1 Results

- Net loss from continuing operations improved more than 11%, or $13 mm
- Adjusted net loss from continuing operations improved 6%, or $6 mm, primarily due to reduced operating costs
- Cost reduction initiatives remain on track:
    - Expect these initiatives will add $85 to $100 mm of pretax earnings in FY13, leading to earnings and margin expansion

Committed Line of Credit (CLOC) Agreement

- New credit facility effective on 8/17/12
- 5-year, $1.5B CLOC can be used for general corporate purposes or working capital needs
- Provides significant financial flexibility and more closely aligns to our business needs
  - Prior net worth covenant and “cleandown” requirement eliminated; replaced with leverage and interest coverage covenants which better align with a consumer services company like ours

200^{th} Consecutive Dividend

- Significant milestone in the company's history
- To be paid on Oct. 1 to shareholders of record on Sept. 14
- Resiliency and consistency of our business allows us to generate substantial free cash flow
- H&R Block has paid a total of $3.5 billion of dividends since 1962
  - Strong testament to our business; long track record of returning capital to shareholders
  - Expect to deliver appropriate returns of capital to shareholders for many years to come

New Sears Partnership

- Expect new agreement will be slightly accretive to FY13 earnings
- Reducing the number of Sears locations in which we operate to focus on 112 of our best-performing Sears locations
- Agreement allows us to open seasonal offices in other Sears locations throughout the country during peak tax season
- Expect to retain vast majority of our clients based on our historical experience
  - Retained nearly 75% of clients served in >200 Sears locations we've closed since 2008
  - Last year's retention rate of all clients served in Sears locations was 76%
  - Do not expect this agreement will have a material impact on total returns prepared
- Believe the new agreement benefits both parties and our clients

India and Brazil

- Recently completed our first tax season in India and Brazil
- Objective was to establish a presence in both markets; preliminary results encouraging
- Although India and Brazil won't materially impact operating results or capital allocation plans in the near future, both countries remain long-term growth plays
- Reviewing businesses in both markets; plan to make prudent investments focused on profitable and sustainable growth

Sand Canyon

- Representation and warranty-related claim activity declined significantly in Q1
- Expect claim activity going forward will vary considerably from quarter-to-quarter as related statutes of limitations continue to expire
- Accrual for representation and warranty-related liabilities remained essentially unchanged at $129 mm

Looking Ahead

- Working very hard on our plans for successful tax seasons in FY13 and beyond
- Pleased with the progress we've made this summer; confident that we'll be able to take advantage of the opportunities that lie ahead
- Look forward to sharing our plans at Investor Conference in NYC on Dec. 6th

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Greg Macfarlane, CFO

Q1 Financial Summary

$ in millions, except EPS	Actual Q1 FY13	Actual Q1 FY12	Actual Change	Adjusted* Q1 FY13	Adjusted* Q1 FY12	Adjusted* Change
Revenue	$96	$101	-4%	$96	$101	-4%
EBITDA*	($127)	($156)	19%	($129)	($139)	7%
Pretax Income (Loss)	($169)	($201)	16%	($172)	($184)	6%
Net Income (Loss)	($106)	($119)	11%	($105)	($111)	6%
EPS	($0.38)	($0.39)	3%	($0.38)	($0.37)	-3%

*Adjusted amounts and EBITDA (earnings before interest, taxes, depreciation and amortization)are non-GAAP financial measures. See "About Non-GAAP Financial Measures" in the Appendix to the slides for more information regarding financial measures not prepared in accordance with generally accepted accounting principles (GAAP).

- Net loss from continuing operations improved 11%, or $13 mm
- Adjusted net loss from continuing operations improved 6%, or $6 mm, primarily driven by reduction in labor, occupancy, and other expenses from cost reduction initiatives
- Net loss per share from continuing operations negatively impacted by $0.03 due to fewer shares outstanding in current year and $0.01 due to discrete adjustments to income tax reserves

Cost Reduction Initiatives

- Remain on pace with cost reduction initiatives, which we expect will add $85 to $100 mm of pretax earnings in FY13
- Expect savings will be back-end loaded during fiscal 3rd and 4th quarters due to seasonality of core business
    - Expect about 2/3 of savings to come from lower labor and occupancy costs
    - Savings should be relatively evenly distributed between Cost of Services and SG&A
    - Committed savings exclude any potential impact of variable expense growth, which should be reasonably in line with revenue growth
- Well positioned to expand earnings and margins in FY13

Tax Services

($ in millions)

Non-GAAP Pretax Results - Tax Services segment	Q1 FY13	Q1 FY12	Change
Revenue - as reported	$ 90	$ 91	-1%
Pretax loss - as reported	(141)	(169)	17%
Add back :			
Severance	(1)	2	
Loss contingencies - litigation charges	(2)	15	
	(3)	17	
Pretax loss - as adjusted	$ (144)	$ (153)	6%

- Canadian tax season extended by two days last year; contributed $4 mm of additional revenue in prior year
- Adjusted pretax loss improved by $9 mm, or 6%, primarily due to a reduction in labor, occupancy costs, and other expenses driven by cost reduction initiatives

Corporate Operations

($ in millions)

Corporate:	Q1 FY13	Q1 FY12	Change
Revenue	$ 6	$ 9	-32%
Operating Expenses	34	40	14%
Pretax income (loss)	$ (28)	$ (31)	9%

- Pretax loss improved 9% to $28 mm primarily due to cost reduction initiatives and lower loan loss provision at HRB Bank
- Revenue decline due in part to lower interest income from HRB Bank's shrinking mortgage loan portfolio

Financial Position

- Balance sheet and liquidity remain strong
  - Total unrestricted cash at 7/31 was $940 mm; total outstanding debt was $1.0 billion
  - Reductions in cash principally reflect normal offseason operating cash requirements and $315 mm of share repurchases in Q1
- 271 mm shares outstanding at 7/31/12; down from 306 mm at 7/31/11
- Effective tax rate of 37.6% down 300 bps; primarily driven by discrete adjustments to income tax reserves
- Expect effective tax rate from continuing operations to be approximately 39% in FY13, excluding discrete tax items

Discontinued Operations

- Net loss of $2 mm improved by $54 mm, primarily due to non-cash charges in prior year relating to the sale of RSM McGladrey
- Sand Canyon received $142 mm of new claims for alleged breaches of representations and warranties
  - Sand Canyon reviewed $527 mm of claims in Q1
  - $260 mm of claims remained subject to review as of 7/31
  - Accrual for representation and warranty-related liabilities essentially unchanged at $129 mm

CLOC and Debt Refinancing

- Pleased with terms of new CLOC agreement
  - Delivered on our promise to have negotiations completed this summer
  - More flexible leverage and interest coverage covenants
  - Believe agreement gives all the financial flexibility a consumer services company such as ours needs; further demonstrates the confidence our banking partners have in our business
- Now working to refinance our $600 mm notes maturing in January
  - Very strong demand for the debt of companies such as ours
  - H&R Block is a well-known seasoned issuer with ready access to the market; currently in discussions to complete refinancing by year-end
- Continuing to review appropriate capital structure; plan to share more details in Dec.

Closing Remarks

- Very pleased with progress we're making
- On pace to achieve our cost reduction targets
- Finalizing plans for the upcoming tax season
- Like our competitive position in FY13 and beyond

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Q&A
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Appendix - Non-GAAP Reconciliations
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About Non-GAAP Financial Measures

The following slides contain non-GAAP financial measures. Non-GAAP financial measures, including EBITDA, net loss from continuing operations – as adjusted and earnings per share from continuing operations – as adjusted, should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with accounting principles generally accepted in the United States (GAAP). Because EBITDA, and adjusted pretax, after-tax and per share results from continuing operations are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures in other companies.

We exclude the following items from all of our non-GAAP financial measures:

- Litigation charges
- Impairments of goodwill, intangible assets, other long-lived assets and available-for-sale investments
- Severance and other restructuring charges
- Gains and losses on business dispositions, including any related professional fees

We also exclude discrete tax reserve and related adjustments from non-GAAP net income (loss) and diluted net income (loss) per share. We may consider whether other significant items that arise in the future should also be excluded from our non-GAAP financial measures.

The Company considers these non-GAAP financial measures to be a useful metric for management and investors to evaluate and compare the ongoing operating performance of the Company's business on a consistent basis across reporting periods, as it eliminates the effect of items that are not indicative of the Company's core operating performance.

The following are descriptions of the items we exclude from our non-GAAP financial measures:

Litigation charges – We exclude from our non-GAAP financial measures litigation charges we incur. This does not include normal legal defense costs.

Impairments of goodwill, intangible assets, other long-lived assets and available-for-sale investments – We exclude from our non-GAAP financial measures non-cash charges to adjust the carrying values of goodwill, intangible assets, other long-lived assets and investments to their estimated fair values.

Severance and other restructuring charges – We exclude from our non-GAAP financial measures severance and other restructuring charges in connection with the termination of personnel, closure of facilities and related costs.

Gains and losses on business dispositions, including any related professional fees – We exclude from our non-GAAP financial measures the gains and losses on business dispositions, including investment banking, legal and accounting fees.

Discrete tax adjustments – We exclude from our non-GAAP financial measures the effects of discrete income tax reserve and related adjustments recorded in a specific quarter.

Non-GAAP Reconciliations

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Unaudited, amounts in thousands, except per share amounts

EBITDA [1]	**Q1 FY13**	**Q1 FY12**
Net loss from continuing operations - as reported	$ (105,650)	$ (119,155)
Add back :		
Income taxes	(63,619)	(81,446)
Interest expense	22,077	22,936
Depreciation and amortization	20,551	21,532
	(20,991)	(36,978)
EBITDA of continuing operations	(126,641)	(156,133)
Adjustments:		
Severance	(501)	1,650
Loss contingencies - litigation charges	(2,302)	15,164
	(2,803)	16,814
Adjusted EBITDA of continuing operations	$ (129,444)	$ (139,319)

[1] Earnings before interest, taxes, depreciation and amortization

Non-GAAP Reconciliations

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Unaudited, amounts in thousands, except per share amounts

Non-GAAP Pretax Results	Q1 FY13	Q1 FY12
Pretax loss from continuing operations - as reported	$ (169,269)	$ (200,601)
Add back :		
Severance	(501)	1,650
Loss contingencies - litigation charges	(2,302)	15,164
	(2,803)	16,814
Pretax loss from continuing operations - as adjusted	$ (172,072)	$ (183,787)

Non-GAAP After-Tax Results	Q1 FY13	Q1 FY12
Net loss from continuing operations - as reported	$ (105,650)	$ (119,155)
Add back (net of tax) :		
Severance	(305)	1,001
Loss contingencies - litigation charges	(1,400)	9,198
Discrete tax items	2,701	(2,530)
	996	7,669
Net loss from continuing operations - as adjusted	$ (104,654)	$ (111,486)

Non-GAAP Reconciliations

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Unaudited, amounts in thousands, except per share amounts

Non-GAAP EPS	**Q1 FY13**		**Q1 FY12**	
EPS from continuing operations - as reported	$	(0.38)	$	(0.39)
Add back :				
Severance		-		-
Loss contingencies - litigation charges		(0.01)		0.03
Discrete tax items		0.01		(0.01)
		-		0.02
EPS from continuing operations - as adjusted	$	(0.38)	$	(0.37)

Supplemental Information				
Stock-based compensation expense:				
Pretax	$	2,353	$	3,338
After-tax		1,431		2,025
Amortization of intangible assets:				
Pretax	$	4,246	$	5,062
After-tax		2,582		3,071