Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended January 31, 2012

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____to _____

Commission file number 1-6089

H&R Block, Inc.
(Exact name of registrant as specified in its charter)

MISSOURI	**44-0607856**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

One H&R Block Way
Kansas City, Missouri 64105
(Address of principal executive offices, including zip code)
(816) 854-3000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes __√__ No _____

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes __√__ No _____

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one) :

Large accelerated filer	__√__	Accelerated filer	Non-accelerated filer	Smaller reporting company
			(Do not check if a smaller reporting company)	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ____ No __√__

The number of shares outstanding of the registrant's Common Stock, without par value, at the close of business on February 29, 2012 was 293,563,719 shares.

Form 10-Q for the Period Ended January 31, 2012

Table of Contents

H&R BLOCK

CONDENSED CONSOLIDATED BALANCE SHEETS

(amounts in 000s, except share and per share amounts)

As of	January 31, 2012 (Unaudited)	April 30, 2011
ASSETS		
Cash and cash equivalents	$ 1,218,984	$ 1,677,844
Cash and cash equivalents – restricted	34,168	48,383
Receivables, less allowance for doubtful accounts of $64,139 and $47,943	1,035,902	230,172
Prepaid expenses and other current assets	230,612	191,360
Assets of discontinued operations, held for sale	–	900,328
Total current assets	2,519,666	3,048,087
Mortgage loans held for investment, less allowance for loan losses of $89,949 and $92,087	430,189	485,008
Investments in available-for-sale securities	312,183	163,836
Property and equipment, at cost, less accumulated depreciation and amortization of $617,314 and $578,655	260,755	255,298
Intangible assets, net	268,148	275,342
Goodwill	433,595	434,151
Other assets	628,253	627,731
Total assets	$ 4,852,789	$ 5,289,453
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Customer banking deposits	$ 1,587,988	$ 852,220
Accounts payable, accrued expenses and other current liabilities	597,644	550,982
Accrued salaries, wages and payroll taxes	130,245	208,748
Accrued income taxes	40,596	458,911
Commercial paper borrowings	230,947	–
Current portion of long-term debt	630,996	557
Federal Home Loan Bank borrowings	25,000	25,000
Liabilities of discontinued operations, held for sale	–	241,562
Total current liabilities	3,243,416	2,337,980
Long-term debt	409,241	1,039,527
Other noncurrent liabilities	393,683	462,372
Total liabilities	4,046,340	3,839,879
Commitments and contingencies		
Stockholders' equity:		
Common stock, no par, stated value $.01 per share, 800,000,000 shares authorized, shares issued of 399,397,099 and 412,440,599	3,994	4,124
Additional paid-in capital	797,853	812,666
Accumulated other comprehensive income	7,409	11,233
Retained earnings	2,018,252	2,658,103
Less treasury shares, at cost	(2,021,059)	(2,036,552)
Total stockholders' equity	806,449	1,449,574
Total liabilities and stockholders' equity	$ 4,852,789	$ 5,289,453

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

(Unaudited, amounts in 000s, except per share amounts)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Revenues:				
Service revenues	$ 524,240	$ 513,914	$ 717,243	$ 695,269
Product and other revenues	99,564	110,370	116,117	127,786
Interest income	39,476	56,012	59,737	76,666
	663,280	680,296	893,097	899,721
Expenses:				
Cost of revenues:				
Compensation and benefits	207,480	206,970	316,139	327,734
Occupancy and equipment	93,024	90,653	263,078	261,841
Depreciation/amortization of property and equipment	17,770	18,044	50,894	54,925
Provision for bad debt and loan losses	52,932	100,028	68,423	118,754
Interest	23,543	24,662	69,352	70,549
Other	60,491	54,527	127,551	118,731
	455,240	494,884	895,437	952,534
Impairment of goodwill	–	22,700	4,257	22,700
Selling, general and administrative expenses	211,736	190,639	408,144	350,201
	666,976	708,223	1,307,838	1,325,435
Operating loss	(3,696)	(27,927)	(414,741)	(425,714)
Other income, net	2,670	1,959	9,185	9,079
Loss from continuing operations before taxes (benefit)	(1,026)	(25,968)	(405,556)	(416,635)
Income taxes (benefit)	2,541	(14,934)	(159,821)	(166,349)
Net loss from continuing operations	(3,567)	(11,034)	(245,735)	(250,286)
Net income (loss) from discontinued operations	218	(1,687)	(74,436)	(2,165)
Net loss	$ (3,349)	$ (12,721)	$ (320,171)	$ (252,451)
Basic and diluted loss per share:				
Net loss from continuing operations	$ (0.01)	$ (0.04)	$ (0.82)	$ (0.80)
Net income (loss) from discontinued operations	–	–	(0.25)	(0.01)
Net loss	$ (0.01)	$ (0.04)	$ (1.07)	$ (0.81)
Basic and diluted shares	292,963	305,144	299,450	310,546
Dividends paid per share	$ 0.20	$ 0.15	$ 0.50	$ 0.45
Comprehensive income (loss):				
Net loss	$ (3,349)	$ (12,721)	$ (320,171)	$ (252,451)
Unrealized gains (losses) securities, net of taxes:				
Unrealized holding gains (losses) arising during the period, net of taxes of $(199), $(122), $1,113 and $(75)	(291)	(198)	1,682	(118)
Reclassification adjustment for gains included in income net of taxes of $ –, $(602), $58 and $(176)	–	844	(93)	125
Change in foreign currency translation adjustments	3,341	4,101	(5,413)	5,477
Comprehensive loss	$ (299)	$ (7,974)	$ (323,995)	$ (246,967)

See Notes to Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited, amounts in 000s)

Nine months ended January 31,	2012	2011
Net cash used in operating activities	$ (1,382,771)	$ (1,505,418)
Cash flows from investing activities:		
Purchases of available-for-sale securities	(178,014)	–
Principal repayments on mortgage loans held for investment, net	35,460	45,316
Purchases of property and equipment, net	(71,549)	(51,198)
Payments made for business acquisitions, net	(16,022)	(50,832)
Proceeds from sale of businesses, net	533,055	62,298
Franchise loans:		
Loans funded	(43,649)	(90,304)
Payments received	8,455	9,926
Other, net	55,794	38,651
Net cash provided by (used in) investing activities	323,530	(36,143)
Cash flows from financing activities:		
Repayments of commercial paper	(413,221)	(2,654,653)
Proceeds from commercial paper	644,168	3,286,603
Customer banking deposits, net	735,252	1,002,274
Dividends paid	(150,058)	(140,926)
Repurchase of common stock, including shares surrendered	(180,566)	(283,494)
Proceeds from exercise of stock options, net	(324)	(866)
Other, net	(31,424)	(10,062)
Net cash provided by financing activities	603,827	1,198,876
Effects of exchange rates on cash	(3,446)	4,330
Net decrease in cash and cash equivalents	(458,860)	(338,355)
Cash and cash equivalents at beginning of the period	1,677,844	1,804,045
Cash and cash equivalents at end of the period	$ 1,218,984	$ 1,465,690
Supplementary cash flow data:		
Income taxes paid	$ 163,471	$ 159,916
Interest paid on borrowings	55,266	69,313
Interest paid on deposits	5,170	6,191
Transfers of foreclosed loans to other assets	6,521	12,931

See Notes to Condensed Consolidated Financial Statements

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (unaudited)

1. Summary of Significant Accounting Policies

Basis of Presentation

The condensed consolidated balance sheet as of January 31, 2012, the condensed consolidated statements of operations and comprehensive income (loss) for the three and nine months ended January 31, 2012 and 2011, and the condensed consolidated statements of cash flows for the nine months ended January 31, 2012 and 2011 have been prepared by the Company, without audit. In the opinion of management, all adjustments, which include only normal recurring adjustments, necessary to present fairly the financial position, results of operations and cash flows at January 31, 2012 and for all periods presented have been made. See below for discussion of our presentation of discontinued operations.

"H&R Block," "the Company," "we," "our" and "us" are used interchangeably to refer to H&R Block, Inc. or to H&R Block, Inc. and its subsidiaries, as appropriate to the context.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles have been condensed or omitted. These condensed consolidated financial statements should be read in conjunction with the financial statements and notes thereto included in our April 30, 2011 Annual Report to Shareholders on Form 10-K. All amounts presented herein as of April 30, 2011 or for the year then ended, are derived from our April 30, 2011 Annual Report to Shareholders on Form 10-K.

Management Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant estimates, assumptions and judgments are applied in the determination of our allowance for loan losses, potential losses from loan repurchase and indemnity obligations associated with our discontinued mortgage business, contingent losses associated with pending claims and litigation, fair value of reporting units, valuation allowances based on future taxable income, reserves for uncertain tax positions, credit losses on receivable balances and related matters. Estimates have been prepared on the basis of the most current and best information available as of each balance sheet date. As such, actual results could differ materially from those estimates.

Seasonality of Business

Our operating revenues are seasonal in nature with peak revenues occurring in the months of January through April. Therefore, results for interim periods are not indicative of results to be expected for the full year.

Discontinued Operations – Recent Events

In November 2011, we sold substantially all assets of RSM McGladrey, Inc. (RSM) to McGladrey & Pullen LLP (M&P) for net cash proceeds of $495.6 million. We also received a short-term note in the amount of $32.3 million and a long-term note in the amount of $54.0 million. M&P assumed substantially all liabilities of RSM, including contingent payments and lease obligations. We have indemnified M&P for certain litigation matters as discussed in note 13. The net after tax loss on the sale of RSM totaled $37.1 million, which includes an $85.4 million impairment of goodwill recorded in our first quarter and tax benefits of $20.5 million recorded in the third quarter associated with capital loss carry-forwards utilized.

In the first quarter, we also announced we were evaluating strategic alternatives for RSM EquiCo, Inc. (EquiCo), and effective January 31, 2012, we sold the assets of EquiCo's subsidiary, McGladrey Capital Markets LLC (MCM), for cash proceeds of $1.0 million. We have indemnified the buyer for certain litigation matters related to this business. The net after tax loss on the sale of MCM totaled $12.4 million and included a $14.3 million impairment of goodwill recorded in our first quarter. The remaining EquiCo businesses will be wound down.

As of January 31, 2012, the results of operations of these businesses are presented as discontinued operations in the condensed consolidated financial statements. All periods presented in our condensed consolidated balance sheets and statements of operations have been reclassified to reflect our discontinued operations. See additional information in note 13.

2. Loss Per Share and Stockholders' Equity

Basic and diluted loss per share is computed using the two-class method. The two-class method is an earnings allocation formula that determines net income per share for each class of common stock and participating security according to dividends declared and participation rights in undistributed earnings. Per share amounts are computed by dividing net income from continuing operations attributable to common shareholders by the weighted average shares outstanding during each period. The dilutive effect of potential common shares is included in diluted earnings per share except in those periods with a loss from continuing operations. Diluted earnings per share excludes the impact of shares of common stock issuable upon the lapse of certain restrictions or the exercise of options to purchase 9.6 million shares for the three and nine months ended January 31, 2012, and 12.6 million shares for the three and nine months ended January 31, 2011, as the effect would be antidilutive due to the net loss from continuing operations during each period.

The computations of basic and diluted loss per share from continuing operations are as follows:

(in 000s, except per share amounts)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Net loss from continuing operations attributable to shareholders	$ (3,567)	$ (11,034)	$ (245,735)	$ (250,286)
Amounts allocated to participating securities (nonvested shares)	24	(148)	(152)	(142)
Net loss from continuing operations attributable to common shareholders	$ (3,543)	$ (11,182)	$ (245,887)	$ (250,428)
Basic weighted average common shares	292,963	305,144	299,450	310,546
Potential dilutive shares	–	–	–	–
Dilutive weighted average common shares	292,963	305,144	299,450	310,546
Loss per share from continuing operations:				
Basic	$ (0.01)	$ (0.04)	$ (0.82)	$ (0.80)
Diluted	(0.01)	(0.04)	(0.82)	(0.80)

The weighted average shares outstanding for the three and nine months ended January 31, 2012 decreased to 293.0 million and 299.5 million, respectively, from 305.1 million and 310.5 million for the three and nine months ended January 31, 2011, respectively, primarily due to share repurchases completed in the current fiscal year. During the nine months ended January 31, 2012, we purchased and immediately retired 13.0 million shares of our common stock at a cost of $177.5 million. The cost of shares retired during the current period was allocated to the components of stockholders' equity as follows:

(in 000s)

Common stock	$ 130
Additional paid-in capital	7,826
Retained earnings	169,548
	$ 177,504

During the nine months ended January 31, 2011, we purchased and immediately retired 19.0 million shares of our common stock at a cost of $279.9 million.

In addition to the shares we repurchased as described above, during the nine months ended January 31, 2012, we acquired 0.2 million shares of our common stock at an aggregate cost of $3.1 million. These shares represent shares swapped or surrendered to us in connection with the vesting of nonvested shares

and the exercise of stock options. During the nine months ended January 31, 2011, we acquired 0.2 million shares at an aggregate cost of $3.5 million for similar purposes.

During the nine months ended January 31, 2012 and 2011, we issued 1.0 million and 1.1 million shares of common stock, respectively, due to the exercise of stock options, employee stock purchases and vesting of nonvested shares.

During the nine months ended January 31, 2012, we granted 2.4 million stock options and 1.0 million nonvested shares and units under our stock-based compensation plans. The weighted average fair value of options granted was $3.36 for management options. These awards typically vest over a three year period with one-third vesting each year. Stock-based compensation expense of our continuing operations totaled $2.0 million and $11.0 million for the three and nine months ended January 31, 2012, respectively, and $3.5 million and $7.3 million for the three and nine months ended January 31, 2011, respectively. At January 31, 2012, unrecognized compensation cost for options totaled $7.5 million, and for nonvested shares and units totaled $16.5 million.

3. Receivables

Short-term receivables of our continuing operations consist of the following:

(in 000s)

As of	January 31, 2012	January 31, 2011	April 30, 2011
Emerald Advance lines of credit	$ 443,717	$ 674,317	$ 31,645
Receivables for tax preparation and related fees	333,636	280,364	38,930
Royalties from franchisees	88,597	84,049	11,645
Loans to franchisees	81,415	85,269	62,181
Receivable from M&P	32,342	–	–
RAC fees receivable	28,942	51,704	–
Tax client receivables related to RALs	1,727	4,874	2,412
Other	89,665	95,732	131,302
	1,100,041	1,276,309	278,115
Allowance for doubtful accounts	(64,139)	(102,837)	(47,943)
	$ 1,035,902	$ 1,173,472	$ 230,172

As discussed in note 1, we have a short-term receivable for $32.3 million and a long-term note receivable in the amount of $54.0 million due from M&P related to the sale of RSM. The short-term receivable note is based on the final post-closing adjustments to the purchase price we expect to receive. The long-term note is unsecured and bears interest at a rate of 8.0%, with all principal and accrued interest due in May 2017. As of January 31, 2012, there is no allowance recorded related to the short-term receivable or the long-term note, however we will monitor publicly available information relevant to the financial condition of M&P to assess future collectability. The long-term note is included in other assets in our condensed consolidated balance sheet.

The short-term portion of Emerald Advance lines of credit (EAs), tax client receivables related to refund anticipation loans (RALs) and loans made to franchisees is included in receivables, while the long-term portion is included in other assets in the condensed consolidated financial statements. These amounts are as follows:

(in 000s)

	Emerald Advance Lines of Credit	Tax Client Receivables - RALs	Loans to Franchisees
As of January 31, 2012:			
Short-term	$443,717	$ 1,727	$ 81,415
Long-term	15,001	5,120	134,136
	$458,718	$ 6,847	$ 215,551
As of January 31, 2011:			
Short-term	$674,317	$ 4,874	$ 85,269
Long-term	13,608	5,856	131,340
	$687,925	$ 10,730	$ 216,609
As of April 30, 2011:			
Short-term	$ 31,645	$ 2,412	$ 62,181
Long-term	21,619	5,855	110,420
	$ 53,264	$ 8,267	$ 172,601

We review the credit quality of our EA receivables and tax client receivables related to RALs based on pools, which are segregated by the year of origination, with older years being deemed more unlikely to be repaid. These amounts as of January 31, 2012, by year of origination, are as follows:

(in 000s)

	Emerald Advance Lines of Credit	Tax Client Receivables - RALs
Credit Quality Indicator – Year of origination:		
2012	$ 410,648	$ –
2011	21,913	–
2010	4,848	–
2009	4,866	2,034
2008 and prior	2,045	4,813
Revolving loans	14,398	–
	$ 458,718	$ 6,847

As of January 31, 2012 and April 30, 2011, $41.4 million and $46.8 million, respectively, of EAs were on non-accrual status and classified as impaired, or more than 60 days past due. All tax client receivables related to RALs are considered impaired.

Loans made to franchisees totaled $215.6 million at January 31, 2012, and consisted of $150.4 million in term loans made to finance the purchase of franchises and $65.2 million in revolving lines of credit made to existing franchisees primarily for the purpose of funding their off-season needs.

Activity in the allowance for doubtful accounts for the nine months ended January 31, 2012 and 2011 is as follows:

(in 000s)

	Emerald Advance Lines of Credit	Tax Client Receivables - RALs	Loans to Franchisees	All Other	Total
Balance as of April 30, 2011	$ 4,400	$ –	$ –	$ 43,543	$ 47,943
Provision	33,570	–	–	17,062	50,632
Charge-offs	–	–	–	(34,436)	(34,436)
Balance as of January 31, 2012	$ 37,970	$ –	$ –	$ 26,169	$ 64,139
Balance as of April 30, 2010	$ 35,239	$ 12,191	$ 4	$ 43,723	$ 91,157
Provision	71,325	2	–	22,961	94,288
Charge-offs	(32,919)	(12,193)	(4)	(37,492)	(82,608)
Balance as of January 31, 2011	$ 73,645	$ –	$ –	$ 29,192	$102,837

There were no changes to our methodology related to the calculation of our allowance for doubtful accounts during the nine months ended January 31, 2012.

4. Mortgage Loans Held for Investment and Related Assets

The composition of our mortgage loan portfolio as of January 31, 2012 and April 30, 2011 is as follows:

(dollars in 000s)

As of	January 31, 2012		April 30, 2011	
	Amount	% of Total	Amount	% of Total
Adjustable-rate loans	$297,375	58%	$ 333,828	58%
Fixed-rate loans	219,134	42%	239,146	42%
	516,509	100%	572,974	100%
Unamortized deferred fees and costs	3,629		4,121	
Less: Allowance for loan losses	(89,949)		(92,087)	
	$430,189		$ 485,008	

Our loan loss allowance as a percent of mortgage loans was 17.4% at January 31, 2012, compared to 16.1% at April 30, 2011.

Activity in the allowance for loan losses for the nine months ended January 31, 2012 and 2011 is as follows:

(in 000s)

Nine months ended January 31,	2012	2011
Balance, beginning of the period	$ 92,087	$ 93,535
Provision	17,275	24,100
Recoveries	160	169
Charge-offs	(19,573)	(29,928)
Balance, end of the period	$ 89,949	$ 87,876

When determining our allowance for loan losses, we evaluate loans less than 60 days past due on a pooled basis, while loans we consider impaired, including those loans more than 60 days past due or modified as troubled debt restructurings (TDRs), are evaluated individually. The balance of these loans and the related allowance is as follows:

(in 000s)

As of	January 31, 2012		April 30, 2011	
	Portfolio Balance	Related Allowance	Portfolio Balance	Related Allowance
Pooled (less than 60 days past due)	$ 260,916	$ 9,467	$ 304,325	$ 11,238
Impaired:				
Individually (TDRs)	84,443	9,011	106,328	11,056
Individually (60 days or more past due)	171,150	71,471	162,321	69,793
	$ 516,509	$ 89,949	$ 572,974	$ 92,087

Our portfolio includes loans originated by Sand Canyon Corporation, previously known as Option One Mortgage Corporation, and its subsidiaries (SCC) and purchased by H&R Block Bank (HRB Bank), which constitute 63% of the total loan portfolio at January 31, 2012. We have experienced higher rates of delinquency and believe that we have greater exposure to loss with respect to this segment of our loan portfolio. Our remaining loan portfolio totaled $192.4 million and is characteristic of a prime loan portfolio, and we believe therefore subject to a lower loss exposure. Detail of our mortgage loans held for investment and the related allowance at January 31, 2012 is as follows:

(dollars in 000s)

	Outstanding	Loan Loss Allowance		% 30+ Days
	Principal Balance	Amount	% of Principal	Past Due
Purchased from SCC	$324,122	$77,373	23.9%	47.1%
All other	192,387	12,576	6.5%	12.4%
	$516,509	$89,949	17.4%	34.2%

Credit quality indicators at January 31, 2012 include the following:

(in 000s)

Credit Quality Indicators	Purchased from SCC	All Other	Total Portfolio
Occupancy status:			
Owner occupied	$ 229,463	$122,424	$ 351,887
Non-owner occupied	94,659	69,963	164,622
	$ 324,122	$192,387	$ 516,509
Documentation level:			
Full documentation	$ 95,323	$ 140,179	$ 235,502
Limited documentation	8,414	19,999	28,413
Stated income	189,698	19,793	209,491
No documentation	30,687	12,416	43,103
	$ 324,122	$192,387	$ 516,509
Internal risk rating:			
High	$ 129,745	$ –	$ 129,745
Medium	194,377	–	194,377
Low	–	192,387	192,387
	$ 324,122	$192,387	$ 516,509

Loans given our internal risk rating of “high” were generally originated by SCC, have no documentation or are stated income and are non-owner occupied. Loans given our internal risk rating of “medium” were generally full documentation or stated income, with loan-to-value at origination of more than 80% and

have credit scores at origination below 700. Loans given our internal risk rating of "low" were generally full documentation, with loan-to-value at origination of less than 80% and have credit scores greater than 700.

Our mortgage loans held for investment include concentrations of loans to borrowers in certain states, which may result in increased exposure to loss as a result of changes in real estate values and underlying economic or market conditions related to a particular geographical location. Approximately 52% of our mortgage loan portfolio consists of loans to borrowers located in the states of Florida, California and New York.

Detail of the aging of the mortgage loans in our portfolio that are past due as of January 31, 2012 is as follows:

(in 000s)

	Less than 60 Days Past Due	60–89 Days Past Due	90+ Days Past Due[1]	Total Past Due	Current	Total
Purchased from SCC	$ 28,876	$ 6,159	$ 141,247	$176,282	$147,840	$324,122
All other	8,423	1,524	20,639	30,586	161,801	192,387
	$ 37,299	$ 7,683	$ 161,886	$206,868	$309,641	$ 516,509

(1) We do not accrue interest on loans past due 90 days or more.

Information related to our non-accrual loans is as follows:

(in 000s)

As of	January 31, 2012	April 30, 2011
Loans:		
Purchased from SCC	$ 142,853	$ 143,358
Other	23,283	14,106
	166,136	157,464
TDRs:		
Purchased from SCC	5,729	2,849
Other	1,282	329
	7,011	3,178
Total non-accrual loans	$ 173,147	$ 160,642

Information related to impaired loans is as follows:

(in 000s)

	Portfolio Balance With Allowance	Portfolio Balance With No Allowance	Total Portfolio Balance	Related Allowance
As of January 31, 2012:				
Purchased from SCC	$ 179,776	$ 40,672	$ 220,448	$ 71,084
Other	25,390	9,755	35,145	9,398
	$ 205,166	$ 50,427	$ 255,593	$ 80,482
As of April 30, 2011:				
Purchased from SCC [1]	$ 180,387	$ 51,674	$ 232,061	$ 71,733
Other [1]	29,027	7,561	36,588	9,116
	$ 209,414	$ 59,235	$ 268,649	$ 80,849

(1) Classification of amounts as of April 30, 2011 has been restated to conform to the current period presentation.

Information related to the allowance for impaired loans is as follows:

		(in 000s)
As of	January 31, 2012	April 30, 2011
Portion of total allowance for loan losses allocated to impaired loans and TDR loans:		
Based on collateral value method	$ 71,471	$ 69,794
Based on discounted cash flow method	9,011	11,055
	$ 80,482	$ 80,849

Information related to activities of our non-performing assets is as follows:

		(in 000s)
Nine months ended January 31,	2012	2011
Average impaired loans:		
Purchased from SCC	$224,002	
All other	35,421	
	$259,423	$308,282
Interest income on impaired loans:		
Purchased from SCC	$ 4,340	
All other	348	
	$ 4,688	$ 4,975
Interest income on impaired loans recognized on a cash basis on non-accrual status:		
Purchased from SCC	$ 4,182	
All other	324	
	$ 4,506	$ 4,711

Our real estate owned (REO) includes loans accounted for as in-substance foreclosures of $5.7 million and $7.7 million at January 31, 2012 and April 30, 2011, respectively. Activity related to our REO is as follows:

		(in 000s)
Nine months ended January 31,	2012	2011
Balance, beginning of the period	$19,532	$ 29,252
Additions	6,521	12,931
Sales	(7,933)	(16,900)
Writedowns	(2,193)	(3,442)
Balance, end of the period	$15,927	$ 21,841

5. Investments in Available-for-Sale Securities

The amortized cost and fair value of securities classified as available-for-sale (AFS) held at January 31, 2012 and April 30, 2011 are summarized below:

(in 000s)

As of	January 31, 2012				April 30, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses [1]	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses [1]	Fair Value
Short-term:								
Municipal bonds	$ 2,001	$ 3	$ –	$ 2,004	$ 3,023	$ 58	$ –	$ 3,081
Long-term:								
Mortgage-backed securities	303,519	3,243	(287)	306,475	157,970	401	(194)	158,177
Municipal bonds	5,260	448	–	5,708	5,312	347	–	5,659
	308,779	3,691	(287)	312,183	163,282	748	(194)	163,836
Total	$ 310,780	$ 3,694	$ (287)	$314,187	$ 166,305	$ 806	$ (194)	$ 166,917

[1] At January 31, 2012 and April 30, 2011, we had no investments that had been in a continuous loss position for more than twelve months.

We did not record any other-than-temporary impairments of AFS securities during the three or nine months ended January 31, 2012. During the three and nine months ended January 31, 2011, we recorded other-than-temporary impairments of AFS securities totaling $1.5 million and $1.9 million, respectively, as a result of an assessment that it was probable we would not collect all amounts due or an assessment that we would not be able to hold the investments until potential recovery of market value.

Contractual maturities of AFS debt securities at January 31, 2012, occur at varying dates over the next 30 years, and are set forth in the table below.

(in 000s)

	Cost Basis	Fair Value
Maturing in:		
Less than one year	$ 2,001	$ 2,004
Two to five years	4,204	4,502
Six to ten years	1,056	1,206
Beyond	303,519	306,475
	$ 310,780	$314,187

6. Assets and Liabilities Measured at Fair Value

We use the following valuation methodologies for assets and liabilities measured at fair value and the general classification of these instruments pursuant to the fair value hierarchy.

- Available-for-sale securities – Available-for-sale securities are carried at fair value on a recurring basis. When available, fair value is based on quoted prices in an active market for identical securities and as such, would be classified as Level 1. If quoted market prices are not available, we use a third-party pricing service to determine fair value and classify the securities as Level 2. The service's pricing model is based on market data and utilizes available trade, bid and other market information for similar securities. Available-for-sale securities that we classify as Level 2 include certain agency and non-agency mortgage-backed securities and municipal bonds.
- Real estate owned – REO includes foreclosed properties securing mortgage loans. Foreclosed assets are adjusted to fair value less costs to sell upon transfer of the loans to REO. Fair value is generally based on independent market prices or appraised values of the collateral. Subsequent holding period losses and losses arising from the sale of REO are expensed as incurred. Because our REO is valued based on significant inputs that are unobservable in the market and our own estimates of assumptions that we believe market participants would use in pricing the asset, these assets are classified as Level 3.

- Impaired mortgage loans held for investment – The fair value of impaired mortgage loans held for investment is generally based on the net present value of discounted cash flows for TDRs or the appraised value of the underlying collateral for all other loans. These loans are classified as Level 3.

The following table presents for each hierarchy level the assets that were remeasured at fair value on both a recurring and non-recurring basis during the nine months ended January 31, 2012 and 2011 and the gains (losses) on those remeasurements:

(dollars in 000s)

	Total	Level 1	Level 2	Level 3	Gain (loss)
As of January 31, 2012:					
Recurring:					
Mortgage-backed securities	$ 306,475	$ –	$306,475	$ –	$ 2,956
Municipal bonds	7,712	–	7,712	–	451
Non-recurring:					
REO	16,883	–	–	16,883	(772)
Impaired mortgage loans held for investment	103,509	–	–	103,509	(6,986)
	$434,579	$ –	$314,187	$120,392	$ (4,351)
As a percentage of total assets	9.0%	–%	6.5%	2.5%	
As of January 31, 2011:					
Recurring:					
Mortgage-backed securities	$ 19,927	$ –	$ 19,927	$ –	$ (91)
Municipal bonds	8,740	–	8,740	–	380
Trust preferred security	21	–	21	–	(1,575)
Non-recurring:					
REO	19,532	–	–	19,532	(1,512)
Impaired mortgage loans held for investment	174,062	–	–	174,062	(7,792)
	$222,282	$ –	$ 28,688	$193,594	$ (10,590)
As a percentage of total assets	3.8%	–%	0.5%	3.3%	

(1) Prior year amounts have been restated to include trust preferred securities that were remeasured during the quarter and the gain (loss) on all remeasurements.

There were no changes to the unobservable inputs used in determining the fair values of our level 2 and level 3 financial assets.

The following methods were used to determine the fair values of our other financial instruments:

- Cash equivalents, accounts receivable, investment in Federal Home Loan Bank (FHLB) stock, accounts payable, accrued liabilities, commercial paper borrowings and FHLB borrowings – The carrying values reported in the balance sheet for these items approximate fair market value due to the relative short-term nature of the respective instruments.
- Long-term financing receivables – The carrying values reported in the balance sheet for loans to franchisees approximate fair market value due to the variable interest rates and respective collateral values of these assets. The long-term note receivable from M&P bears interest at a rate similar to available market rates, and therefore carrying value approximates fair market value. Long-term EA and tax client receivables related to RALs are carried at net realizable value which approximates fair value.
- Mortgage loans held for investment – The fair value of mortgage loans held for investment is generally determined using market pricing sources based on origination channel and performance characteristics.
- Deposits – The estimated fair value of demand deposits is the amount payable on demand at the reporting date. The estimated fair value of IRAs and other time deposits is estimated by discounting the future cash flows using the rates currently offered by HRB Bank for products with similar remaining maturities.
- Long-term debt and FHLB borrowings – The fair value of borrowings is based on rates currently available to us for obligations with similar terms and maturities, including current market yields on our Senior Notes.

The carrying amounts and estimated fair values of our financial instruments at January 31, 2012 are as follows:

(in 000s)

	Carrying Amount	Estimated Fair Value
Mortgage loans held for investment	$ 430,189	$ 260,691
Deposits	1,593,604	1,585,985
Long-term borrowings	1,040,237	1,078,152

7. Goodwill and Intangible Assets

Changes in the carrying amount of the goodwill of our continuing operations for the nine months ended January 31, 2012 consist of the following:

(in 000s)

	Tax Services
Balance at April 30, 2011:	
Goodwill	$ 459,039
Accumulated impairment losses	(24,888)
	434,151
Changes:	
Acquisitions	9,506
Disposals and foreign currency changes	(5,805)
Impairments	(4,257)
Balance at January 31, 2012:	
Goodwill	462,740
Accumulated impairment losses	(29,145)
	$ 433,595

In the current year, we discontinued service under our ExpressTax brand. As a result, we recorded an impairment of the reporting unit's goodwill, which totaled $4.3 million.

We test goodwill and other indefinite-life intangible assets for impairment annually or more frequently if events occur or circumstances change which would, more likely than not, reduce the fair value of a reporting unit below its carrying value.

Intangible assets of our continuing operations consist of the following:

(in 000s)

As of	January 31, 2012			April 30, 2011		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Tax Services:						
Customer relationships	$ 90,355	$ (44,805)	$ 45,550	$ 87,624	$ (41,076)	$ 46,548
Noncompete agreements	23,725	(22,628)	1,097	23,456	(22,059)	1,397
Reacquired franchise rights	214,330	(13,052)	201,278	214,330	(9,961)	204,369
Franchise agreements	19,201	(4,053)	15,148	19,201	(3,093)	16,108
Purchased technology	14,700	(10,200)	4,500	14,700	(8,505)	6,195
Trade name	1,325	(750)	575	1,325	(600)	725
	$363,636	$ (95,488)	$268,148	$360,636	$ (85,294)	$275,342

Amortization of intangible assets of our continuing operations for the three and nine months ended January 31, 2012 was $4.7 and $15.2 million, respectively. Additionally, we recorded an impairment of customer relationships of $4.0 million, related to the discontinuation of our ExpressTax brand, as discussed above. Amortization of intangible assets of our continuing operations for the three and nine months ended January 31, 2011 was $4.5 and $12.8 million, respectively. Estimated amortization of

intangible assets for fiscal years 2012 through 2016 is $17.7 million, $16.5 million, $14.6 million, $11.3 million and $10.7 million, respectively.

8. Borrowings

Borrowings consist of the following:

(in 000s)

As of	January 31, 2012	January 31, 2011	April 30, 2011
Commercial paper	$ 230,947	$ 632,566	$ –
Senior Notes, 7.875%, due January 2013	$ 599,871	$ 599,758	$ 599,788
Senior Notes, 5.125%, due October 2014	399,364	399,117	399,177
Other	41,002	40,913	41,119
Total long-term debt	1,040,237	1,039,788	1,040,084
Less: Current portion	(630,996)	(551)	(557)
	$ 409,241	$ 1,039,237	$ 1,039,527

We had commercial paper borrowings of $230.9 million at January 31, 2012, compared to $632.6 million at the same time last year. These borrowings were used to fund our off-season losses and cover our seasonal working capital needs.

As of January 31, 2012, our $600.0 million Senior Notes are included in current portion of long-term debt in our condensed consolidated balance sheet due to their contractual maturity in January 2013.

At January 31, 2012, we maintained a committed line of credit (CLOC) agreement to support commercial paper issuances, general corporate purposes or for working capital needs. This facility provides funding up to $1.7 billion and matures July 31, 2013. This facility bears interest at an annual rate of LIBOR plus 1.30% to 2.80% or PRIME plus 0.30% to 1.80% (depending on the type of borrowing) and includes an annual facility fee of 0.20% to 0.70% of the committed amounts (based on our credit ratings). Covenants in this facility include: (1) maintenance of a minimum equity of $650.0 million on the last day of any fiscal quarter; and (2) reduction of the aggregate outstanding principal amount of short-term debt, as defined in the CLOC agreement, to $200.0 million or less for thirty consecutive days during the period March 1 to June 30 of each year. At January 31, 2012, we were in compliance with these covenants and had net worth of $806.4 million. We had no balance outstanding under the CLOC at January 31, 2012. Effective March 2, 2012, we amended our CLOC agreement to reduce the amount of minimum equity that we must maintain as of the last day of any fiscal quarter from $650.0 million to $500.0 million.

HRB Bank is a member of the FHLB of Des Moines, which extends credit to member banks based on eligible collateral. At January 31, 2012, HRB Bank had total FHLB advance capacity of $284.2 million. There was $25.0 million outstanding on this facility, leaving remaining availability of $259.2 million. Mortgage loans held for investment of $372.7 million serve as eligible collateral and are used to determine total capacity.

9. Income Taxes

We file a consolidated federal income tax return in the United States and file tax returns in various state and foreign jurisdictions. The U.S. Federal consolidated tax returns for the years 1999 through 2010 are currently under examination by the Internal Revenue Service, with the 1999-2007 years currently at the appellate level. Federal returns for tax years prior to 1999 are closed by statute. Historically, tax returns in various foreign and state jurisdictions are examined and settled upon completion of the exam.

We had gross unrecognized tax benefits of $199.2 million and $154.8 million at January 31, 2012 and April 30, 2011, respectively. The gross unrecognized tax benefits increased $44.4 million net in the current year, due primarily to accruals of tax on positions related to current and prior years partially offset by statute of limitations expirations and settlements with taxing authorities. A majority of the tax expense related to the increase in unrecognized benefits is recorded in discontinued operations as it relates to

operations that have been discontinued and/or disposed. Except as noted below, we have classified the liability for unrecognized tax benefits, including corresponding accrued interest, as long-term at January 31, 2012, and included this amount in other noncurrent liabilities on the condensed consolidated balance sheet.

Based upon the expiration of statutes of limitations, payments of tax and other factors in several jurisdictions, we believe it is reasonably possible that the gross amount of reserves for previously unrecognized tax benefits may decrease by approximately $3.5 million within the twelve month period after January 31, 2012. This portion of our liability for unrecognized tax benefits has been classified as current and is included in accounts payable, accrued expenses and other current liabilities on the condensed consolidated balance sheets.

10. Interest Income and Expense

The following table shows the components of interest income and expense of our continuing operations:

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Interest income:				
Emerald Advance lines of credit	$ 30,062	$ 46,132	$ 30,297	$ 47,590
Mortgage loans, net	4,948	5,923	15,760	18,771
Other	4,466	3,957	13,680	10,305
	$ 39,476	$ 56,012	$ 59,737	$ 76,666
Interest expense:				
Borrowings	$ 21,382	$ 21,678	$ 63,625	$ 62,903
Deposits	2,011	2,587	5,275	6,457
FHLB advances	150	397	452	1,189
	$ 23,543	$ 24,662	$ 69,352	$ 70,549

11. Regulatory Requirements

HRB Bank historically filed its regulatory Thrift Financial Report (TFR) on a calendar quarter basis with the Office of Thrift Supervision (OTS). In July 2011, as a result of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Reform Act), the responsibility and authority of the OTS moved to the Office of the Comptroller of the Currency (OCC). HRB Bank filed its TFRs with the OCC through December 31, 2011. Beginning March 31, 2012, HRB Bank will file Reports of Condition and Income (Call Report) with the OCC quarterly. Additionally, H&R Block, Inc. as the bank holding company is now regulated by the Federal Reserve Bank and, as such, is subject to certain reporting requirements.

The following table sets forth HRB Bank's regulatory capital requirements, as calculated in its TFR:

(dollars in 000s)

	Actual		For Capital Adequacy Purposes		To Be Well Capitalized Under Prompt Corrective Action Provisions	
	Amount	Ratio	Amount	Ratio	Amount	Ratio
As of December 31, 2011:						
Total risk-based capital ratio [1]	$ 411,163	48.8%	$ 67,407	8.0%	$84,258	10.0%
Tier 1 risk-based capital ratio [2]	$400,438	47.5%	N/A	N/A	$ 50,555	6.0%
Tier 1 capital ratio (leverage) [3]	$400,438	25.6%	$ 187,642	12.0%	$78,184	5.0%
Tangible equity ratio [4]	$400,438	25.6%	$ 23,455	1.5%	N/A	N/A
As of March 31, 2011:						
Total risk-based capital ratio [1]	$ 405,000	92.5%	$ 35,019	8.0%	$43,773	10.0%
Tier 1 risk-based capital ratio [2]	$399,187	91.2%	N/A	N/A	$26,264	6.0%
Tier 1 capital ratio (leverage) [3]	$399,187	22.8%	$ 209,758	12.0%	$87,399	5.0%
Tangible equity ratio [4]	$399,187	22.8%	$ 26,220	1.5%	N/A	N/A

(1) Total risk-based capital divided by risk-weighted assets.
(2) Tier 1 (core) capital less deduction for low-level recourse and residual interest divided by risk-weighted assets.
(3) Tier 1 (core) capital divided by adjusted total assets.
(4) Tangible capital divided by tangible assets.

Block Financial LLC (BFC) typically makes capital contributions to HRB Bank to help it meet its capital requirements. BFC made capital contributions to HRB Bank of $200.0 million during the nine months ended January 31, 2012, with an additional $200.0 million contributed in February 2012.

As of January 31, 2012, HRB Bank's leverage ratio was 27.1%.

12. Commitments and Contingencies

Changes in deferred revenue balances related to our Peace of Mind (POM) program, the current portion of which is included in accounts payable, accrued expenses and other current liabilities and the long-term portion of which is included in other noncurrent liabilities in the condensed consolidated balance sheets, are as follows:

(in 000s)

Nine months ended January 31,	2012	2011
Balance, beginning of period	$140,603	$141,542
Amounts deferred for new guarantees issued	19,471	19,376
Revenue recognized on previous deferrals	(57,254)	(59,882)
Balance, end of period	$102,820	$101,036

In addition to amounts accrued for our POM guarantee, we had accrued $12.5 million and $14.7 million at January 31, 2012 and April 30, 2011, respectively, related to our standard guarantee which is included with our standard tax preparation services.

The following table summarizes certain of our other contractual obligations and commitments:

(in 000s)

As of	January 31, 2012	April 30, 2011
Franchise Equity Lines of Credit – undrawn commitment	$ 22,209	$ 37,695
Media advertising purchase obligation	5,714	9,498

We have recorded liabilities totaling $8.2 million and $11.0 million as of January 31, 2012 and April 30, 2011, respectively, in conjunction with contingent payments related to recent acquisitions of our continuing operations, with the short-term amount recorded in accounts payable, accrued expenses and

deposits and the long-term portion included in other noncurrent liabilities. Our estimate is based on current financial conditions. Should actual results differ materially from our assumptions, the potential payments will differ from the above estimate.

We routinely enter into contracts that include embedded indemnifications that have characteristics similar to guarantees. Guarantees and indemnifications of the Company and its subsidiaries include obligations to protect counterparties from losses arising from the following: (1) tax, legal and other risks related to the purchase or disposition of businesses; (2) penalties and interest assessed by federal and state taxing authorities in connection with tax returns prepared for clients; (3) indemnification of our directors and officers; and (4) third-party claims relating to various arrangements in the normal course of business. Typically, there is no stated maximum payment related to these indemnifications, and the terms of the indemnities may vary and in many cases are limited only by the applicable statute of limitations. The likelihood of any claims being asserted against us and the ultimate liability related to any such claims, if any, is difficult to predict. While we cannot provide assurance we will ultimately prevail in the event any such claims are asserted, we believe the fair value of guarantees and indemnifications relating to our continuing operations is not material as of January 31, 2012.

Variable Interests

We evaluated our financial interests in variable interest entities (VIEs) as of January 31, 2012 and determined that, other than the changes related to the sale of RSM, there have been no significant changes related to those financial interests.

Discontinued Operations – Representation and Warranty Obligations

SCC ceased originating mortgage loans in December 2007 and, in April 2008, sold its servicing assets and discontinued its remaining operations. The sale of servicing assets did not include the sale of any mortgage loans.

In connection with the sale of loans and/or residential mortgage-backed securities (RMBS), SCC made certain representations and warranties, including, but not limited to, representations relating to matters such as ownership of the loan, validity of the lien securing the loan, borrower fraud and the loan's compliance with SCC's underwriting criteria. Representations and warranties related to borrower fraud in whole loan sale transactions to institutional investors, which represented approximately 68% of the disposal of originated loans, included a "knowledge qualifier" which limits SCC's liability to those instances where SCC had knowledge of the fraud at the time the loans were sold. Representations and warranties made in other sale transactions did not include a knowledge qualifier. In the event that there is a breach of a representation and warranty and such breach materially and adversely affects the value of a mortgage loan or a securitization insurer's or bondholders' interest in the mortgage loan, SCC may be obligated to repurchase the loan or otherwise indemnify certain parties for losses incurred in connection with loan liquidation. Generally, repurchase requests are not subject to a stated term, but actions to enforce a repurchase obligation would be subject to the applicable statutes of limitations.

Representation and warranty claims received by SCC have primarily related to alleged breaches of representations and warranties related to a loan's compliance with the underwriting standards established by SCC at origination and borrower fraud. Claims received since May 1, 2008 are as follows:

(in millions)

	Fiscal Year	Fiscal Year 2010				Fiscal Year 2011				Fiscal Year 2012			
	2009	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Total
Loan Origination Year:													
2005	$ 62	$–	$ 15	$ –	$ –	$ 6	$ 1	$ –	$ 1	$ –	$ –	$ 4	$ 89
2006	217	2	57	4	45	100	15	29	50	29	130	29	707
2007	153	4	11	7	–	3	5	4	4	2	353	2	548
Total	$ 432	$6	$ 83	$ 11	$45	$109	$ 21	$ 33	$55	$31	$483	$35	$1,344

Note: The table above excludes amounts related to an indemnity agreement dated April 2008, which is discussed below.

SCC received $35 million in claims in the third quarter of fiscal year 2012, most of which were asserted by a private-label securitization trustee on behalf of bondholders ($29 million) with the remainder asserted by monoline insurers ($6 million). The nature of the claims and the characteristics of the loans to which they relate, including loan vintage, loan performance characteristics, and alleged breaches of representations and warranties, are generally consistent with claims received in prior periods. The amount of claims received varies from period to period, and these variances have been and are expected to continue to fluctuate substantially. Although there is no certainty regarding future claims volume, expiring statutes of limitations and developments in securities litigation and other proceedings to which we are not a party could impact claim volumes during upcoming periods. SCC believes that claim volumes fluctuate in relation to the volume of requests from third parties for access to loan files managed by the party that services the majority of the outstanding SCC-originated loans. SCC and the servicer are currently in a legal dispute over the manner in which the servicer provides that access and the results of the dispute could impact the loan file access of third parties.

For claims received, reviewed and determined to be valid or otherwise settled, SCC has complied with its obligations by either repurchasing the mortgage loans or related collateral, reimbursing losses in connection with liquidated collateral, or reaching other settlements. Since May 2008, SCC has denied approximately 88% of all claims reviewed, excluding loans covered by other settlements. Of claims determined to be valid, approximately 22% resulted in loan repurchases and 78% resulted in reimbursement or settlement payments. Losses on loan repurchase, indemnification and settlement payments totaled approximately $120 million for the period May 1, 2008 through January 31, 2012. Loss severity rates on repurchases and indemnification have approximated 59% and SCC has not observed any material trends related to average losses. Repurchased loans are considered held for sale and are included in prepaid expenses and other current assets on the condensed consolidated balance sheets. The net balance of all mortgage loans held for sale by SCC was $10.6 million at January 31, 2012.

SCC generally has 60 to 120 days to respond to representation and warranty claims and performs a loan-by-loan review of all claims during this time. During the current quarter, SCC completed its review of prior period claims with an approximate principal balance of $220 million. Claims determined to be valid during the current quarter have estimated losses of $1.2 million. Payments related to these claims remained pending at January 31, 2012. Counterparties are able to reassert claims that SCC has denied. Claims totaling approximately $399 million remained subject to review as of January 31, 2012. As of January 31, 2012, approximately $79 million of claims under review represent a reassertion of previously denied claims.

All claims asserted against SCC since May 1, 2008 relate to loans originated during calendar years 2005 through 2007, of which, approximately 90% relate to loans originated in calendar years 2006 and 2007. During calendar years 2005 through 2007, SCC originated approximately $84 billion in loans, of which less than 1% were sold directly to government sponsored entities. Government sponsored entities also purchased bonds backed by SCC-originated mortgage loans and, with respect to these bonds, have the same rights as other bondholders in private label securitizations. SCC is not subject to representation and warranty losses on loans that have been paid in full, repurchased, or were sold without recourse.

The majority of claims asserted since May 1, 2008 determined by SCC to represent a valid breach of its representations and warranties, relate to loans that became delinquent within the first two years following the origination of the mortgage loan. Based on its experiences to date, SCC believes the longer a loan performs prior to an event of default, the less likely the default will be related to a breach of a representation and warranty. A loan that defaults within the first two years following the origination of the mortgage loan does not necessarily default due to a breach of a representation and warranty. Loans originated in 2005, 2006 and 2007 that defaulted in the first two years totaled $4.0 billion, $6.3 billion and $2.9 billion, respectively.

SCC estimates losses relating to representation and warranty claims by estimating loan repurchase and indemnification obligations based on historical validity and severity rates on both known claims and projections of future claims. Projections of future claims are based on an analysis that includes a review of the terms and provisions of related agreements, the historical experience under repurchase and indemnification obligations related to breaches of representations and warranties and third-party activity, which includes inquiries from various third-parties, loan file access by third parties, and repurchase

demands. SCC's methodology for calculating this liability also includes an assessment of the probability that individual counterparties (private label securitization trustees on behalf of bondholders, monoline insurers and whole-loan purchasers) will assert future claims.

SCC has recorded a liability for estimated contingent losses related to representation and warranty claims as of January 31, 2012 of $142.9 million, which represents SCC's estimate of the probable loss that may occur. Although SCC reviewed claims during the quarter that were deemed valid, payments related to those claims were still pending as of January 31, 2012. As such, the balance of the recorded liability at January 31, 2012 remained unchanged from the preceding quarter. During the second quarter of fiscal year 2012, SCC observed substantially increased third-party activity. As a result of this third-party activity, SCC's estimate of probable claims increased from its prior expectations and accordingly, it recorded an additional loss provision at the end of the second quarter. In the third quarter of fiscal year 2012, third-party activity decreased relative to the second quarter. During the prior fiscal year, SCC made payments totaling $49.8 million under an indemnity agreement dated April 2008 with a specific counterparty in exchange for a full and complete release of such party's ability to assert representation and warranty claims. The indemnity agreement was given as part of obtaining the counterparty's consent to SCC's sale of its mortgage servicing business in 2008. SCC has no remaining payment obligations under this indemnity agreement.

The recorded liability represents SCC's estimate of losses from future representation and warranty claims where assertion of a claim and a related contingent loss are both determined to be probable. Because the rate at which future claims may be determined to be valid and actual loss severity rates may differ significantly from historical experience, SCC is not able to estimate reasonably possible loss outcomes in excess of its current accrual. A 1% increase in both assumed validity rates and loss severities would result in losses beyond SCC's accrual of approximately $22 million. This sensitivity is hypothetical and is intended to provide an indication of the impact of a change in key assumptions on the representations and warranties liability. In reality, changes in one assumption may result in changes in other assumptions, which could affect the sensitivity and the amount of losses.

While SCC uses what it believes to be the best information available to it in estimating its liability, assessing the likelihood that claims will be asserted in the future and estimating probable losses are inherently subjective and require considerable management judgment. To the extent that the volume of asserted claims, the level of valid claims, the counterparties asserting claims, the nature of claims, or the value of residential home prices, among other factors, differ in the future from current estimates, future losses may be greater than the current estimates and those differences may be significant.

A rollforward of our liability for losses on repurchases for the nine months ended January 31, 2012 and 2011 is as follows:

		(in 000s)
Nine months ended January 31,	2012	2011
Balance at beginning of period:		
Amount related to repurchase and indemnifications	$126,260	$138,415
Amount related to indemnity agreement dated April 2008	–	49,785
	126,260	188,200
Changes:		
Provision for estimated losses	20,000	–
Losses on repurchase and indemnifications	(3,337)	(7,652)
Payments under indemnity agreement dated April 2008	–	(25,562)
Balance at end of period:		
Amount related to repurchase and indemnifications	142,923	130,763
Amount related to indemnity agreement dated April 2008	–	24,223
	$142,923	$154,986

Discontinued Operations – Indemnification Obligations

SCC may also have indemnification obligations with respect to loans and securities it originated and sold, as discussed in note 14.

See discussion in note 13 below for indemnification obligations related to the sales of RSM and MCM.

13. Discontinued Operations

As of January 31, 2012, the results of operations and the related losses on the sale of RSM and MCM businesses are presented as discontinued operations in the condensed consolidated financial statements. Our discontinued operations also include the results of operations of SCC, which exited its mortgage business in fiscal year 2008.

In connection with the sale of RSM and MCM, we indemnified the buyers against certain litigation matters. The indemnities are not subject to a stated term or limit. Accounting Standards Codification 460 – Guarantees (ASC 460) requires that we recognize a liability for the estimated fair value of guarantee and indemnification obligations at the inception of the arrangement. We have estimated an aggregate fair value of $6.0 million related to these indemnifications and recorded a liability in that amount as of the date of the sales. Subsequent changes in this liability will be determined in accordance with ASC 460 and ASC 450 – Loss Contingencies and recorded in discontinued operations.

The results of operations of our discontinued operations are as follows:

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Revenues	$ 50,508	$ 171,071	$ 416,436	$ 549,180
Pretax income (loss) from operations:				
RSM and related businesses	$ 1,117	$ 8,327	$ 18,831	$ 15,228
Mortgage	(27,385)	(10,551)	(54,019)	(17,125)
	(26,268)	(2,224)	(35,188)	(1,897)
Income taxes (benefit)	(6,462)	(537)	(10,268)	268
Net income (loss) from operations	(19,806)	(1,687)	(24,920)	(2,165)
Pretax loss on sales of businesses	(236)	—	(109,485)	—
Income tax benefit	(20,260)	—	(59,969)	—
Net gain (loss) on sales of businesses	20,024	—	(49,519)	—
Net income (loss) from discontinued operations	$ 218	$ (1,687)	$ (74,436)	$ (2,165)

The sale of RSM resulted in a pretax financial statement loss, but produced a gain for tax purposes. The tax gain resulted primarily from larger amortization deductions taken for tax purposes than for financial statement purposes. A portion of the gain from the sale of intangible assets is capital in nature and can be offset by utilization of capital loss carry forwards. A net income tax benefit of $20.5 million was recorded in discontinued operations related to the sale.

14. Litigation and Related Contingencies

We are a defendant in a large number of litigation matters, arising both in the ordinary course of business and otherwise, including as described below. The matters described below are not all of the lawsuits to which we are subject. In some of the matters, very large and/or indeterminate amounts, including punitive damages, are sought. U.S. jurisdictions permit considerable variation in the assertion of monetary damages or other relief. Jurisdictions may permit claimants not to specify the monetary damages sought or may permit claimants to state only that the amount sought is sufficient to invoke the jurisdiction of the trial court. In addition, jurisdictions may permit plaintiffs to allege monetary damages in amounts well exceeding reasonably possible verdicts in the jurisdiction for similar matters. We believe that the monetary relief which may be specified in a lawsuit or claim bears little relevance to its merits or disposition value due to this variability in pleadings and our experience in litigating or resolving through settlement numerous claims over an extended period of time.

The outcome of a litigation matter and the amount or range of potential loss at particular points in time may be difficult to ascertain. Among other things, uncertainties can include how fact finders will evaluate documentary evidence and the credibility and effectiveness of witness testimony, and how trial and appellate courts will apply the law. Disposition valuations are also subject to the uncertainty of how opposing parties and their counsel will themselves view the relevant evidence and applicable law.

In addition to litigation matters, we are also subject to other claims and regulatory investigations arising out of our business activities, including as described below.

We establish liabilities for litigation and regulatory loss contingencies when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Liabilities have been established for a number of the matters noted below. For such matters where a loss is believed to be reasonably possible, but not probable, no accrual has been made. It is possible that litigation and regulatory matters could require us to pay damages or make other expenditures or establish accruals in amounts that could not be reasonably estimated at January 31, 2012. While the potential future charges could be material in the particular quarterly or annual periods in which they are recorded, based on information currently known, we do not believe any such charges are likely to have a material adverse effect on our consolidated financial position, results of operations and cash flows. As of January 31, 2012, we have accrued $89.0 million, including obligations under certain indemnifications, compared to $70.6 million at April 30, 2011.

Matters as to Which an Estimate Can Be Made

For some matters, we are able to estimate a reasonably possible range of loss. For those matters, as of January 31, 2012, we estimate the aggregate range of reasonably possible losses in excess of amounts accrued to be approximately $0 to $61 million.

Matters as to Which an Estimate Cannot Be Made

For other matters, we are not currently able to estimate the reasonably possible loss or range of loss. We are often unable to estimate the possible loss or range of loss until developments in such matters have provided sufficient information to support an assessment of the range of possible loss, such as quantification of a damage demand from plaintiffs, discovery from other parties and investigation of factual allegations, rulings by the court on motions or appeals, analysis by experts, and the progress of settlement negotiations. On a quarterly and annual basis, we review relevant information with respect to litigation contingencies and update our accruals, disclosures and estimates of reasonably possible losses or ranges of loss based on such reviews.

Litigation and Other Claims Pertaining to Discontinued Mortgage Operations

Although SCC's mortgage loan origination activities ceased in December 2007 and SCC's loan servicing business was sold in April 2008, SCC and HRB have been, remain and may in the future be subject to investigations, claims and lawsuits pertaining to SCC's mortgage business activities that occurred prior to such termination and sale. These investigations, claims and lawsuits include actions by state and federal regulators, third party indemnitees, individual plaintiffs, and cases in which plaintiffs seek to represent a class of others alleged to be similarly situated. Among other things, these investigations, claims and lawsuits allege discriminatory or unfair and deceptive loan origination and servicing practices, fraud and other common law torts, rights to indemnification, and violations of securities laws, the Truth in Lending Act (TILA), Equal Credit Opportunity Act and the Fair Housing Act. Given the non-prime mortgage environment, the number of these investigations, claims and lawsuits has increased over time and is expected to continue to increase further. The amounts claimed in these investigations, claims and lawsuits are substantial in some instances, and the ultimate resulting liability is difficult to predict and thus in many cases cannot be reasonably estimated. In the event of unfavorable outcomes, the amounts that may be required to be paid in the discharge of liabilities or settlements could be substantial and could have a material impact on our consolidated financial position, results of operations and cash flows. Certain of these matters are described in more detail below.

On February 1, 2008, a class action lawsuit was filed in the United States District Court for the District of Massachusetts against SCC and other related entities styled *Cecil Barrett, et al. v. Option One Mortgage Corp., et al.* (Civil Action No. 08-10157-RWZ). Plaintiffs allege discriminatory practices relating to the origination of mortgage loans in violation of the Fair Housing Act and Equal Credit Opportunity Act,

and seek declaratory and injunctive relief in addition to actual and punitive damages. The court dismissed H&R Block, Inc. from the lawsuit for lack of personal jurisdiction. In March 2011, the court issued an order certifying a class, which defendants sought to appeal. On August 24, 2011, the First Circuit Court of Appeals declined to hear the appeal, noting that the district court could reconsider its certification decision in light of a recent ruling by the United States Supreme Court in an unrelated matter. SCC has filed a motion to decertify the class, which remains pending. A portion of our loss contingency accrual is related to this lawsuit for the amount of loss that we consider probable and estimable. We believe SCC has meritorious defenses to the claims in this case and it intends to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

On December 9, 2009, a putative class action lawsuit was filed in the United States District Court for the Central District of California against SCC and H&R Block, Inc. styled *Jeanne Drake, et al. v. Option One Mortgage Corp., et al.* (Case No. SACV09-1450 CJC). Plaintiffs allege breach of contract, promissory fraud, intentional interference with contractual relations, wrongful withholding of wages and unfair business practices in connection with the failure to pay severance benefits to employees when their employment transitioned to American Home Mortgage Servicing, Inc. in connection with the sale of certain assets and operations of Option One. Plaintiffs seek to recover severance benefits of approximately $8 million, interest and attorney's fees, in addition to penalties and punitive damages on certain claims. On September 2, 2011, the court granted summary judgment in favor of the defendants on all claims. Plaintiffs have filed an appeal, which remains pending. We have not concluded that a loss related to this matter is probable nor have we established a loss contingency related to this matter. We believe we have meritorious defenses to the claims in this case and intend to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

On October 15, 2010, the Federal Home Loan Bank of Chicago filed a lawsuit in the Circuit Court of Cook County, Illinois (Case No. 10CH45033) styled *Federal Home Loan Bank of Chicago v. Bank of America Funding Corporation, et al.* against multiple defendants, including various SCC-related entities, H&R Block, Inc. and other entities, arising out of FHLB's purchase of mortgage-backed securities. The plaintiff seeks rescission and damages under state securities law and for common law negligent misrepresentation in connection with its purchase of two securities originated and securitized by SCC. These two securities had a total initial principal amount of approximately $50 million, of which approximately $41 million remains outstanding. The plaintiff agreed to voluntarily dismiss H&R Block, Inc. from the suit. The remaining defendants, including SCC, have filed motions to dismiss, which are pending. We have not concluded that a loss related to this matter is probable nor have we established a loss contingency related to this matter. We believe SCC has meritorious defenses to the claims in this case and intends to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

SCC has been working with the staff of the U.S. Securities and Exchange Commission in connection with the staff's investigation of matters related to eighteen RMBS transactions of SCC. Based on the progress of the investigation, the scope of which has continued to narrow in focus, SCC has offered to resolve the matter with the payment of approximately $28 million. As a result, SCC has established a liability as of January 31, 2012, which is included in our loss contingency accrual. Although we believe that this matter can be resolved on satisfactory terms, any resolution of this matter would require approval by the U.S. Securities and Exchange Commission and of the U.S District Court, neither of which has been obtained, and which we cannot provide assurance will be obtained on satisfactory terms or at all.

SCC or its subsidiaries entered into indemnification agreements with certain third parties that sold or underwrote the sale of securities. Some of those third parties are defendants in lawsuits where various other parties are seeking damages and other remedies based on the activities of such third parties in the sale of RMBS, including in some instances, SCC securitizations. SCC has received notices from some of these third parties for indemnification against losses, including defense costs, that those third parties might incur as a result of these lawsuits. We have not concluded that a loss related to any of these matters is probable nor have we established a loss contingency related to any of these matters.

Employment-Related Claims and Litigation

We have been named in several wage and hour class action lawsuits throughout the country, including *Alice Williams v. H&R Block Enterprises LLC*, Case No. RG08366506 (Superior Court of California, County of Alameda, filed January 17, 2008) (alleging improper classification and failure to compensate for all hours worked and to provide meal periods to office managers in California); *Arabella Lemus, et al. v. H&R Block Enterprises LLC, et al.,* Case No. CGC-09-489251 (United States District Court, Northern District of California, filed June 9, 2009) (alleging failure to timely pay compensation to tax professionals in California); *Delana Ugas, et al. v. H&R Block Enterprises LLC, et al.,* Case No. BC417700 (United States District Court, Central District of California, filed July 13, 2009) (alleging failure to compensate tax professionals in California for all hours worked and to provide meal periods); and *Barbara Petroski, et al. v. H&R Block Eastern Enterprises, Inc., et al., Case No. 10-CV-00075 (United States District Court, Western District of Missouri, filed January 25, 2010) (alleging failure to compensate tax professionals nationwide for off-season training).*

A class was certified in the *Lemus* case in December 2010 (consisting of tax professionals who worked in company-owned offices in California from 2007 to 2010); in the *Williams* case in March 2011 (consisting of office managers who worked in company-owned offices in California from 2004 to 2011); and in the *Ugas* case in August 2011 (consisting of tax professionals who worked in company-owned offices in California from 2006 to 2011). In *Petroski,* a conditional class was certified under the Fair Labor Standards Act in March 2011 (consisting of tax professionals nationwide who worked in company-owned offices and who were not compensated for certain training courses occurring on or after April 15, 2007). Two classes were also certified under state laws in California and New York (consisting of tax professionals who worked in company-owned offices in those states). A trial date has been set in the *Williams* case for April 30, 2012.

The plaintiffs in the wage and hour class action lawsuits seek actual damages, pre-judgment interest and attorneys' fees, in addition to statutory penalties under state and federal law, which could equal up to 30 days of wages per tax season for class members who worked in California. A portion of our loss contingency accrual is related to these lawsuits for the amount of loss that we consider probable and estimable. The amounts claimed in these matters are substantial in some instances and the ultimate liability with respect to these matters is difficult to predict. We believe we have meritorious defenses to the claims in these cases and intend to defend the cases vigorously, but there can be no assurances as to the outcome of these cases or their impact on our consolidated financial position, results of operations and cash flows, individually or in the aggregate.

To avoid the cost and inherent risk associated with litigation, we reached an agreement to settle the *Lemus* case in January 2012, subject to approval by the federal court in California in which the case is pending. This settlement would require a maximum payment of $35 million, although the actual cost of the settlement would depend on the number of valid claims submitted by class members. The federal court granted preliminary approval of the settlement on February 10, 2012. A final approval hearing is scheduled to occur on May 10, 2012. We have recorded a liability for our estimate of the expected loss. If for any reason the settlement is not approved, we will continue to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

RAL and RAC Litigation

We have been named in a putative class action styled *Sandra J. Basile, et al. v. H&R Block, Inc., et al.*, April Term 1992 Civil Action No. 3246 in the Court of Common Pleas, First Judicial District Court of Pennsylvania, Philadelphia County, instituted on April 23, 1993. The plaintiffs allege inadequate disclosures with respect to the RAL product and assert claims for violation of consumer protection statutes, negligent misrepresentation, breach of fiduciary duty, common law fraud, usury, and violation of the TILA. Plaintiffs seek unspecified actual and punitive damages, injunctive relief, attorneys' fees and costs. A Pennsylvania class was certified, but later decertified by the trial court in December 2003. An appellate court subsequently reversed the decertification decision. We are appealing the reversal. We have not concluded that a loss related to this matter is probable nor have we accrued a loss contingency related to this matter. We believe we have meritorious defenses to this case and intend to defend the case

vigorously, but there can be no assurances as to the outcome of this case or its impact on our consolidated financial position, results of operations and cash flows.

A series of class action lawsuits were filed against us in various federal courts beginning on November 17, 2011 concerning the RAL and RAC products, styled *Anthony Johnson v. H&R Block, Inc., et. al.* (Case No. 2:11-cv-09577) (C.D. Cal.); *Norma Molina-Servin v. H&R Block, Inc., et. al.* (Case No. 1:11-cv-08244) (N.D. Ill.); *William Wimbley v. H&R Block, Inc., et. al.* (Case No. 1:11-cv-24159) (S.D. Fla.); *Sandy Morton v. H&R Block, Inc., et. al.* (Case No. 4:11-cv-00859) (E.D. Ark.); *Iris Orta v. H&R Block, Inc., et. al.* (Case No. 2:11-cv-01149) (E.D. Wis.); *Maggie Murchio v. H&R Block, Inc., et. al.* (Case No.1:12-cv-00063) (W.D. Md.); and *Catherine Gaddy v. H&R Block, Inc., et. al.* (Case No. 1:12-cv-00052) (M.D. N.C). The plaintiffs generally allege we engaged in unfair, deceptive and/or fraudulent acts in violation of various state consumer protection laws by facilitating RALs that were accompanied by allegedly inaccurate TILA disclosures, and by offering RACs without any TILA disclosures. Certain plaintiffs also allege violation of disclosure requirements of various state statutes expressly governing RALs and provisions of those statutes prohibiting tax preparers from charging or retaining certain fees. Collectively, the plaintiffs seek to represent clients who purchased RAL or RAC products in up to forty-two states and the District of Columbia during timeframes ranging from 2007 to the present. The plaintiffs seek equitable relief, disgorgement of profits, compensatory and statutory damages, restitution, civil penalties, attorneys' fees and costs. The plaintiffs filed a motion with the Judicial Panel on Multidistrict Litigation on December 9, 2011 to consolidate the cases before a single court for pretrial proceedings (*In Re Refund Anticipation Loan Litigation*, MDL No. 2334). This motion remains pending. We have not concluded that a loss related to this matter is probable nor have we accrued a loss contingency related to this matter. We believe we have meritorious defenses to the claims in these cases, and we intend to defend the cases vigorously, but there can be no assurances as to the outcome or the impact on our consolidated financial position, results of operations and cash flows.

Express IRA Litigation

We have one remaining lawsuit regarding our former Express IRA product. That case was filed on January 2, 2008 by the Mississippi Attorney General in the Chancery Court of Hinds County, Mississippi First Judicial District (Case No. G 2008 6 S 2) and is styled *Jim Hood, Attorney for the State of Mississippi v. H&R Block, Inc., H&R Block Financial Advisors, Inc*., *et al.* The complaint alleges fraudulent business practices, deceptive acts and practices, common law fraud and breach of fiduciary duty with respect to the sale of the product in Mississippi and seeks equitable relief, disgorgement of profits, damages and restitution, civil penalties and punitive damages. We believe we have meritorious defenses to the claims in this case and intend to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

Although we sold H&R Block Financial Advisors, Inc. (HRBFA) effective November 1, 2008, we remain responsible for any liabilities relating to the Express IRA litigation, among other things, through an indemnification agreement. A portion of our accrual is related to these indemnity obligations.

Litigation and Claims Pertaining to the Discontinued Operations of RSM McGladrey

On April 17, 2009, a shareholder derivative complaint was filed by Brian Menezes, derivatively and on behalf of nominal defendant International Textile Group, Inc. against McGladrey Capital Markets, LLC (MCM) in the Court of Common Pleas, Greenville County, South Carolina (C.A. No. 2009-CP-23-3346) styled *Brian P. Menezes, Derivatively on Behalf of Nominal Defendant, International Textile Group, Inc. (f/k/a Safety Components International, Inc.) v. McGladrey Capital Markets, LLC (f/k/a RSM EquiCo Capital Markets, LLC), et al.* Plaintiffs filed an amended complaint in October 2011 styled *In re International Textile Group Merger Litigation*, adding a putative class action claim against MCM. Plaintiffs allege claims of aiding and abetting, civil conspiracy, gross negligence and breach of fiduciary duty against MCM in connection with a fairness opinion MCM provided to the Special Committee of Safety Components International, Inc. (SCI) in 2006 regarding the merger between International Textile Group, Inc. and SCI. Plaintiffs seek actual and punitive damages, pre-judgment interest, attorneys' fees and costs. On February 8, 2012, the court dismissed plaintiffs' civil conspiracy claim against all defendants. Plaintiffs'

other claims remain pending. We have not concluded that a loss related to this matter is probable nor have we established a loss contingency related to this matter. We believe we have meritorious defenses to the claims in this case and intend to defend the case vigorously, but there can be no assurances as to its outcome or its impact on our consolidated financial position, results of operations and cash flows.

EquiCo, its parent and certain of its subsidiaries and affiliates, are parties to a class action filed on July 11, 2006 and styled *Do Right's Plant Growers, et al. v. RSM EquiCo, Inc., et al. (the "RSM Parties"),* Case No. 06 CC00137, in the California Superior Court, Orange County. The complaint contains allegations relating to business valuation services provided by EquiCo, including allegations of fraud, conversion and unfair competition. Plaintiffs seek unspecified actual and punitive damages, in addition to pre-judgment interest and attorneys' fees. On March 17, 2009, the court granted plaintiffs' motion for class certification on all claims. To avoid the cost and inherent risk associated with litigation, the parties reached an agreement to settle the case for a maximum payment of $41.5 million, although the actual cost of the settlement will depend on the number of valid claims submitted by class members. The California Superior Court granted final approval of the settlement on October 20, 2011. We previously recorded a liability for our best estimate of the expected loss. The amount we paid during our third quarter did not exceed the amount we had previously accrued.

Other

We are from time to time party to investigations, claims and lawsuits not discussed herein arising out of our business operations. These investigations, claims and lawsuits may include actions by state attorneys general, other state regulators, federal regulators, individual plaintiffs, and cases in which plaintiffs seek to represent a class of others similarly situated. We believe we have meritorious defenses to each of these investigations, claims and lawsuits, and we are defending or intend to defend them vigorously. The amounts claimed in these matters are substantial in some instances; however, the ultimate liability with respect to such matters is difficult to predict. In the event of an unfavorable outcome, the amounts we may be required to pay in the discharge of liabilities or settlements could have a material impact on our consolidated financial position, results of operations and cash flows.

We are also party to claims and lawsuits that we consider to be ordinary, routine litigation incidental to our business, including claims and lawsuits (collectively, "Other Claims") concerning the preparation of customers' income tax returns, the fees charged customers for various products and services, relationships with franchisees, intellectual property disputes, employment matters and contract disputes. While we cannot provide assurance that we will ultimately prevail in each instance, we believe the amount, if any, we are required to pay in the discharge of liabilities or settlements in these Other Claims will not have a material impact on our consolidated financial position, results of operations and cash flows.

15. Segment Information

Results of our continuing operations by reportable operating segment are as follows:

(in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Revenues:				
Tax Services	$ 655,701	$672,810	$ 868,144	$ 875,376
Corporate	7,579	7,486	24,953	24,345
	$663,280	$680,296	$ 893,097	$ 899,721
Pretax income (loss):				
Tax Services	$ 31,716	$ 4,114	$(311,733)	$(324,865)
Corporate	(32,742)	(30,082)	(93,823)	(91,770)
Loss from continuing operations before income tax (benefit)	$ (1,026)	$ (25,968)	$(405,556)	$(416,635)

As of January 31, 2012, the results of operations of our previously reported Business Services segment are presented as discontinued operations in the condensed consolidated statements of operations. All periods presented have been reclassified to reflect our discontinued operations. See notes 1 and 13 for additional information.

16. Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2011-08, "Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment." Under the amendments in this guidance, an entity may consider qualitative factors before applying Step 1 of the goodwill impairment assessment, but may no longer be permitted to carry forward estimates of a reporting unit's fair value from a prior year when specific criteria are met. These amendments are effective for goodwill impairment tests performed in fiscal years beginning after December 15, 2011. Early adoption is permitted. We are currently evaluating the effect of this guidance on our condensed consolidated financial statements.

In June 2011, the FASB issued Accounting Standards Update 2011-05, "Comprehensive Income (Topic 220): Statement of Comprehensive Income." Under the amendments in this guidance, an entity has the option to present the total of comprehensive income, the components of net income, and the components of other comprehensive income either in a single continuous statement of comprehensive income or in two separate but consecutive statements. This guidance eliminates the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. The amendments in this guidance do not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. These amendments are effective for fiscal years beginning after December 15, 2011. Early adoption is permitted. We elected to adopt this guidance as of May 1, 2011, and it did not have an effect on our presentation of comprehensive income in our condensed consolidated financial statements.

In May 2011, the FASB issued Accounting Standards Update 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs." Under the amendments in this guidance, an entity will be required to provide additional disclosures about the valuation processes and sensitivities of Level 3 assets and the categorization by level of the fair value hierarchy for items that are not measured at fair value in the statement of financial position, but for which the fair value is required to be disclosed These amendments are effective for interim and annual periods beginning after December 15, 2011. Early adoption is not permitted. We do not expect this guidance to have a material effect on our condensed consolidated financial statements.

In April 2011, the FASB issued Accounting Standards Update 2011-02, "Receivables (Topic 310) – A Creditor's Determination of Whether a Restructuring is a Troubled Debt Restructuring." This guidance assists in determining if a loan modification qualifies as a TDR and requires that creditors must determine that a concession has been made and the borrower is having financial difficulties. We adopted this guidance as of May 1, 2011. We did not identify any new TDRs attributable to this new guidance and it did not have a material effect on our condensed consolidated financial statements.

In October 2009, the FASB issued Accounting Standards Update 2009-13, "Revenue Recognition (Topic 605) – Multiple-Deliverable Revenue Arrangements." This guidance amends the criteria for separating consideration in multiple-deliverable arrangements to enable vendors to account for products or services (deliverables) separately rather than as a combined unit. This guidance establishes a selling price hierarchy for determining the selling price of a deliverable, which is based on: (1) vendor-specific objective evidence; (2) third-party evidence; or (3) estimates. This guidance also eliminates the residual method of allocation and requires that arrangement consideration be allocated at the inception of the arrangement to all deliverables using the relative selling price method. In addition, this guidance significantly expands required disclosures related to a vendor's new multiple-deliverable revenue arrangements. We adopted this guidance as of May 1, 2011 and it did not have a material effect on our condensed consolidated financial statements.

In December 2010, the FASB issued Accounting Standards Update 2010-28, "Intangibles – Goodwill and Other (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts." The amendments affect reporting units whose carrying amount is

zero or negative, and require performance of Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. In determining whether it is more likely than not that a goodwill impairment exists, a reporting unit would consider whether there are any adverse qualitative factors indicating that an impairment may exist. The qualitative factors are consistent with existing guidance. The reporting unit would evaluate if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. We adopted this guidance as of May 1, 2011 and it did not have a material effect on our condensed consolidated financial statements.

In December 2010, the FASB issued Accounting Standards Update 2010-29, "Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations." The amendments in this guidance specify that if a public entity presents comparative financial statements, the entity would disclose revenue and earnings of the combined entity as though the business combination(s) that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. Additionally, disclosures should be accompanied by a narrative description about the nature and amount of material, nonrecurring pro forma adjustments. We adopted this guidance as of May 1, 2011 and it did not have a material effect on our condensed consolidated financial statements.

17. Condensed Consolidating Financial Statements

BFC is an indirect, wholly-owned subsidiary of the Company. BFC is the Issuer and the Company is the Guarantor of the Senior Notes issued on January 11, 2008 and October 26, 2004, our CLOC and other indebtedness issued from time to time. These condensed consolidating financial statements have been prepared using the equity method of accounting. Earnings of subsidiaries are, therefore, reflected in the Company's investment in subsidiaries account. The elimination entries eliminate investments in subsidiaries, related stockholders' equity and other intercompany balances and transactions.

Condensed Consolidating Statements of Operations (in 000s)

Three months ended January 31, 2012	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 65,604	$ 597,837	$ (161)	$ 663,280
Cost of revenues	–	77,965	377,436	(161)	455,240
Selling, general and administrative	–	9,705	202,031	–	211,736
Total expenses	–	87,670	579,467	(161)	666,976
Operating income (loss)	–	(22,066)	18,370	–	(3,696)
Other income (expense), net	(1,026)	1,301	1,369	1,026	2,670
Income (loss) from continuing operations before tax (benefit)	(1,026)	(20,765)	19,739	1,026	(1,026)
Income tax (benefit)	2,541	12,036	(9,495)	(2,541)	2,541
Net income (loss) from continuing operations	(3,567)	(32,801)	29,234	3,567	(3,567)
Net income (loss) from discontinued operations	218	(15,695)	15,913	(218)	218
Net income (loss)	$ (3,349)	$(48,496)	$ 45,147	$ 3,349	$ (3,349)

Three months ended January 31, 2012	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 74,103	$ 606,193	$ –	$ 680,296
Cost of revenues	–	118,708	376,176	–	494,884
Selling, general and administrative	–	10,220	203,119	–	213,339
Total expenses	–	128,928	579,295	–	708,223
Operating income (loss)	–	(54,825)	26,898	–	(27,927)
Other income (expense), net	(25,968)	(521)	2,480	25,968	1,959
Income (loss) from continuing operations before taxes (benefit)	(25,968)	(55,346)	29,378	25,968	(25,968)
Income taxes (benefit)	(14,934)	(26,783)	11,849	14,934	(14,934)
Net income (loss) from continuing operations	(11,034)	(28,563)	17,529	11,034	(11,034)
Net income (loss) from discontinued operations	(1,687)	(8,283)	6,596	1,687	(1,687)
Net income (loss)	$ (12,721)	$ (36,846)	$ 24,125	$ 12,721	$ (12,721)

Three months ended January 31, 2012	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 104,937	$ 788,321	$ (161)	$ 893,097
Cost of revenues	–	152,605	742,993	(161)	895,437
Selling, general and administrative	–	24,044	388,357	–	412,401
Total expenses	–	176,649	1,131,350	(161)	1,307,838
Operating loss	–	(71,712)	(343,029)	–	(414,741)
Other income (expense), net	(405,556)	7,647	1,538	405,556	9,185
Loss from continuing operations before tax benefit	(405,556)	(64,065)	(341,491)	405,556	(405,556)
Income tax benefit	(159,821)	(4,877)	(154,944)	159,821	(159,821)
Net loss from continuing operations	(245,735)	(59,188)	(186,547)	245,735	(245,735)
Net loss from discontinued operations	(74,436)	(36,398)	(38,038)	74,436	(74,436)
Net loss	$ (320,171)	$ (95,586)	$ (224,585)	$ 320,171	$ (320,171)

Nine months ended January 31, 2011	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Total revenues	$ –	$ 112,423	$ 787,298	$ –	$ 899,721
Cost of revenues	–	193,695	758,839	–	952,534
Selling, general and administrative	–	21,689	351,212	–	372,901
Total expenses	–	215,384	1,110,051	–	1,325,435
Operating loss	–	(102,961)	(322,753)	–	(425,714)
Other income (expense), net	(416,635)	4,751	4,328	416,635	9,079
Loss from continuing operations before tax benefit	(416,635)	(98,210)	(318,425)	416,635	(416,635)
Income tax benefit	(166,349)	(42,278)	(124,071)	166,349	(166,349)
Net loss from continuing operations	(250,286)	(55,932)	(194,354)	250,286	(250,286)
Net income (loss) from discontinued operations	(2,165)	(12,617)	10,452	2,165	(2,165)
Net loss	$ (252,451)	$ (68,549)	$ (183,902)	$ 252,451	$ (252,451)

Condensed Consolidating Balance Sheets (in 000s)

As of January 31, 2012	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Cash & cash equivalents	$ –	$1,065,448	$ 153,825	$ (289)	$ 1,218,984
Cash & cash equivalents – restricted	–	2,254	31,914	–	34,168
Receivables, net	63	502,231	533,608	–	1,035,902
Mortgage loans held for investment	–	430,189	–	–	430,189
Intangible assets and goodwill, net	–	–	701,743	–	701,743
Investments in subsidiaries	1,694,728	–	1,706	(1,694,728)	1,706
Other assets	8,841	535,743	885,513	–	1,430,097
Total assets	$ 1,703,632	$2,535,865	$ 2,308,309	$ (1,695,017)	$ 4,852,789
Customer deposits	$ –	$1,588,277	$ –	$ (289)	$ 1,587,988
Long-term debt	–	999,235	41,002	–	1,040,237
Commercial paper borrowings	–	230,947	–	–	230,947
FHLB borrowings	–	25,000	–	–	25,000
Other liabilities	246	(108,361)	1,270,283	–	1,162,168
Net intercompany advances	896,937	68,684	(965,621)	–	–
Stockholders' equity	806,449	(267,917)	1,962,645	(1,694,728)	806,449
Total liabilities and stockholders' equity	$ 1,703,632	$2,535,865	$ 2,308,309	$ (1,695,017)	$ 4,852,789

As of April 30, 2011	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Cash & cash equivalents	$ –	$ 616,238	$ 1,061,656	$ (50)	$ 1,677,844
Cash & cash equivalents – restricted	–	9,522	38,861	–	48,383
Receivables, net	88	102,011	128,073	–	230,172
Mortgage loans held for investment, net	–	485,008	–	–	485,008
Intangible assets and goodwill, net	–	–	709,493	–	709,493
Investments in subsidiaries	2,699,555	–	32	(2,699,555)	32
Assets held for sale	–	–	900,328	–	900,328
Other assets	13,613	469,461	755,119	–	1,238,193
Total assets	$ 2,713,256	$1,682,240	$ 3,593,562	$(2,699,605)	$ 5,289,453
Customer deposits	$ –	$ 852,270	$ –	$ (50)	$ 852,220
Long-term debt	–	998,965	41,119	–	1,040,084
FHLB borrowings	–	25,000	–	–	25,000
Liabilities held for sale	–	–	241,562	–	241,562
Other liabilities	178	(26,769)	1,707,604	–	1,681,013
Net intercompany advances	1,263,504	24,173	(1,287,677)	–	–
Stockholders' equity	1,449,574	(191,399)	2,890,954	(2,699,555)	1,449,574
Total liabilities and stockholders' equity	$ 2,713,256	$1,682,240	$ 3,593,562	$(2,699,605)	$ 5,289,453

Condensed Consolidating Statements of Cash Flows (in 000s)

Nine months ended January 31, 2012	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Net cash provided by (used in) operating activities:	$ 8,193	$ (448,362)	$ (942,602)	$ –	$ (1,382,771)
Cash flows from investing:					
Purchases of available-for-sale securities	–	(178,014)	–	–	(178,014)
Mortgage loans originated for investment, net	–	35,460	–	–	35,460
Purchase property & equipment	–	(152)	(71,397)	–	(71,549)
Payments made for business acquisitions, net	–	–	(16,022)	–	(16,022)
Proceeds from sale of businesses, net	–	–	533,055	–	533,055
Loans made to franchisees	–	(43,649)	–	–	(43,649)
Repayments from franchisees		- 8,455	–	–	8,455
Net intercompany advances	322,729	–	–	(322,729)	–
Other, net	–	47,230	8,564	–	55,794
Net cash provided by (used in) investing activities	322,729	(130,670)	454,200	(322,729)	323,530
Cash flows from financing:					
Repayments of commercial paper	–	(413,221)	–	–	(413,221)
Proceeds from commercial paper	–	644,168	–	–	644,168
Customer banking deposits	–	735,491	–	(239)	735,252
Dividends paid	(150,058)	–	–	–	(150,058)
Repurchase of common stock	(180,566)	–	–	–	(180,566)
Proceeds from exercise of stock options, net	(324)	–	–	–	(324)
Net intercompany advances	–	61,747	(384,476)	322,729	–
Other, net	26	57	(31,507)	–	(31,424)
Net cash provided by (used in) financing activities	(330,922)	1,028,242	(415,983)	322,490	603,827
Effects of exchange rates on cash		–	(3,446)	–	(3,446)
Net increase (decrease) in cash	–	449,210	(907,831)	(239)	(458,860)
Cash – beginning of period	–	616,238	1,061,656	(50)	1,677,844
Cash – end of period	$ –	$1,065,448	$ 153,825	$ (289)	$ 1,218,984

Nine months ended January 31, 2011	H&R Block, Inc. (Guarantor)	BFC (Issuer)	Other Subsidiaries	Eliminations	Consolidated H&R Block
Net cash used in operating activities:	$ (43,026)	$ (725,197)	$ (737,195)	$ –	$ (1,505,418)
Cash flows from investing:					
Mortgage loans originated for investment, net	–	45,316	–	–	45,316
Purchase property & equipment	–	–	(51,198)	–	(51,198)
Payments made for business acquisitions, net	–	–	(50,832)	–	(50,832)
Proceeds from sale of businesses, net	–	–	62,298	–	62,298
Loans made to franchisees	–	(90,304)	–	–	(90,304)
Repayments from franchisees	–	9,926	–	–	9,926
Net intercompany advances	467,873	–	–	(467,873)	–
Other, net	–	28,612	10,039	–	38,651
Net cash provided by (used in) investing activities	467,873	(6,450)	(29,693)	(467,873)	(36,143)
Cash flows from financing:					
Repayments of short-term borrowings	–	(2,654,653)	–	–	(2,654,653)
Proceeds from short-term borrowings	–	3,286,603	–	–	3,286,603
Customer banking deposits	–	1,003,482	–	(1,208)	1,002,274
Dividends paid	(140,926)	–	–	–	(140,926)
Repurchase of common stock	(283,494)	–	–	–	(283,494)
Proceeds from exercise of stock options	(866)	–	–	–	(866)
Net intercompany advances	–	(315,752)	(152,121)	467,873	–
Other, net	439	(365)	(10,136)	–	(10,062)
Net cash provided by (used in) financing activities	(424,847)	1,319,315	(162,257)	466,665	1,198,876
Effects of exchange rates on cash	–	–	4,330	–	4,330
Net increase (decrease) in cash	–	587,668	(924,815)	(1,208)	(338,355)
Cash – beginning of period	–	702,021	1,102,135	(111)	1,804,045
Cash – end of period	$ –	$ 1,289,689	$ 177,320	$ (1,319)	$ 1,465,690

ITEM 2.MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

Our subsidiaries provide tax preparation and retail banking services. We are the only major company offering a full range of software, online and in-office tax preparation solutions to individual tax clients.

RECENT EVENTS

In November 2011, we sold substantially all assets of RSM McGladrey, Inc. (RSM) to McGladrey & Pullen LLP (M&P) for net cash proceeds of $495.6 million. We also received a short-term note in the amount of $32.3 million and a long-term note in the amount of $54.0 million. M&P assumed substantially all liabilities of RSM, including contingent payments and lease obligations. We have indemnified M&P for certain litigation matters as discussed in note 13. The net after tax loss on the sale of RSM totaled $37.1 million, which includes an $85.4 million impairment of goodwill recorded in our first quarter and tax benefits of $20.5 million recorded in the third quarter associated with capital loss carry-forwards utilized.

In the first quarter, we also announced we were evaluating strategic alternatives for RSM EquiCo, Inc. (EquiCo), and effective January 31, 2012, we sold the assets of EquiCo's subsidiary, McGladrey Capital Markets LLC (MCM), for cash proceeds of $1.0 million. We have indemnified the buyer for certain litigation matters related to this business. The net after tax loss on the sale of MCM totaled $12.4 million and included a $14.3 million impairment of goodwill recorded in our first quarter. The remaining EquiCo businesses will be wound down.

As of January 31, 2012, the results of operations of these businesses are presented as discontinued operations in the condensed consolidated financial statements. All periods presented in our condensed consolidated balance sheets and statements of operations have been reclassified to reflect our discontinued operations. See additional information in Item 1, note 13 to the condensed consolidated financial statements.

TAX SERVICES

This segment primarily consists of our income tax preparation businesses – retail, online and software. This segment includes our tax operations in the U.S. and its territories, Canada, and Australia. Additionally, this segment includes the product offerings and activities of H&R Block Bank (HRB Bank) that primarily support the tax network, refund anticipation checks and our commercial tax business, which provides tax preparation software to CPAs and other tax preparers.

Tax Services – Operating Statistics (U.S. only)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Tax returns prepared (in 000s): [1]				
Company-owned operations	2,172	2,046	2,351	2,258
Franchise operations	1,454	1,382	1,581	1,508
Total retail operations	3,626	3,428	3,932	3,766
Software	637	601	664	627
Online	1,228	942	1,330	1,019
Free File Alliance	185	167	208	188
Total digital tax solutions	2,050	1,710	2,202	1,834
	5,676	5,138	6,134	5,600

As of January 31,	2012	2011
Offices:		
Company-owned	5,787	5,921
Company-owned shared locations [2]	734	572
Total company-owned offices	6,521	6,493
Franchise	4,296	4,178
Franchise shared locations [2]	175	397
Total franchise offices	4,471	4,575
	10,992	11,068

[1] Fiscal year 2011 returns include approximately 69,000 and 35,000 company-owned and franchise returns, respectively, which were completed and ready to file at January 31, 2011, but could not be filed due to delays by the IRS in processing returns including Schedule A. Revenue related to these returns was deferred at January 31, 2011 and was recognized in the fourth quarter of fiscal year 2011.
[2] Shared locations include offices located within Sears, Wal-Mart and other third-party businesses.

Tax Services – Operating Results (in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Tax preparation fees	$ 428,556	$ 391,228	$ 536,721	$ 489,363
Royalties	79,517	72,008	93,149	84,640
Fees from refund anticipation checks	43,689	74,010	45,434	75,321
Interest income on Emerald Advance	30,062	46,132	30,297	47,590
Fees from Emerald Card activities	12,193	18,864	31,094	36,132
Fees from Peace of Mind guarantees	11,181	11,524	57,254	59,882
Other	50,503	59,044	74,195	82,448
Total revenues	655,701	672,810	868,144	875,376
Compensation and benefits:				
Field wages	176,927	178,006	266,725	269,443
Other wages	42,619	34,202	110,222	105,156
Benefits and other compensation	41,086	39,475	78,531	91,872
	260,632	251,683	455,478	466,471
Marketing and advertising	117,128	97,419	137,037	117,938
Occupancy and equipment	93,554	90,211	263,369	260,977
Bad debt	48,406	92,228	51,147	94,654
Depreciation and amortization	22,425	22,450	69,866	67,413
Supplies	10,533	11,049	18,711	18,273
Goodwill impairment	–	22,700	4,257	22,700
Other	71,078	79,883	178,871	155,878
Loss (gain) on sale of tax offices, net	229	1,073	1,141	(4,063)
Total expenses	623,985	668,696	1,179,877	1,200,241
Pretax income (loss)	$ 31,716	$ 4,114	$ (311,733)	$ (324,865)

Three months ended January 31, 2012 compared to January 31, 2011

Tax Services' revenues decreased $17.1 million, or 2.5% from the prior year. Tax preparation fees increased $37.3 million, or 9.5%, due primarily to a 6.2% increase in tax returns prepared in company-owned offices. In addition to this increase, an IRS delay in processing returns including Schedule A in the prior year, resulted in the deferral of $17.4 million of tax preparation revenues from the third quarter to the fourth quarter. The average charge on returns filed in the current year was relatively flat compared to the prior year.

The business of our Tax Services segment is highly seasonal and results for our third quarter represent only a small portion of the tax season. Third quarter results are not indicative of the results we expect for the entire

fiscal year. Tax returns prepared in company-owned and franchise offices through February 28, 2012 increased 1.6% from the prior year.

Royalties increased $7.5 million, or 10.4%, for the quarter due to a 5.2% increase in tax returns prepared in franchise offices and a 2.8% increase in franchise locations.

Fees earned from refund anticipation checks (RACs) decreased $30.3 million, or 41.0%, due to a promotional offering, whereby clients were eligible to receive a RAC at no charge if they elected to have their refund direct deposited onto an Emerald Card. This promotional offering expired on February 4, 2012.

Interest income on Emerald Advance lines of credit (EAs) declined $16.1 million, or 34.8%, as a result of lower EA volumes principally resulting from changes in underwriting criteria in the current year.

Prior to fiscal year 2011, refund anticipation loans (RALs) were offered to our clients by a third party. In the prior year, we recognized the final contractual fees related to RALs totaling $16.3 million. Other revenues decreased $8.5 million, or 14.5%, primarily due to these fees in the prior year, partially offset by a 20.9% increase in digital returns.

Total expenses decreased $44.7 million, or 6.7%, from the prior year. Marketing and advertising increased $19.7 million, or 20.2%, as we expanded our marketing efforts, primarily in television and online. Bad debt expense declined $43.8 million, or 47.5%, primarily as a result of lower EA volumes and changes in underwriting criteria in the current year. In the prior year, we also recorded a $22.7 million impairment of goodwill related to an ancillary reporting unit.

Pretax income for the three months ended January 31, 2012 and 2011 was $31.7 million and $4.1 million, respectively.

Nine months ended January 31, 2012 compared to January 31, 2011

Tax Services' revenues decreased $7.2 million, or 0.8% from the prior year. Tax preparation fees increased $47.4 million, or 9.7%, due primarily to a 4.1% increase in tax returns prepared in company-owned offices. Contributing to this increase was an IRS delay in processing returns including Schedule A in the prior year, which resulted in the deferral of $17.4 million of tax preparation revenues from the third quarter to the fourth quarter. The average charge on returns filed in the current year was relatively flat compared to the prior year. Revenues of our International operations also increased both due to increases in return volumes and favorable exchange rates.

Royalties increased $8.5 million, or 10.1%, due to a 4.8% increase in tax returns prepared in franchise offices and a 2.8% increase in franchise locations.

Fees earned from RACs decreased $29.9 million, or 39.7%, due to a promotional offering, whereby clients were eligible to receive a RAC at no charge if they elected to have their refund direct deposited onto an Emerald Card. This promotional offering expired on February 4, 2012.

Interest income on EAs declined $17.3 million, or 36.3%, as a result of lower EA volumes principally resulting from changes in underwriting criteria in the current year.

Other revenues decreased $8.3 million, or 10.0%, primarily due to the final contractual fees related to RALs in the prior year, partially offset by a 21.1% increase in digital returns.

Total expenses decreased $20.4 million, or 1.7%, from the prior year. Marketing and advertising increased $19.1 million, or 16.2%, as we expanded our marketing efforts, primarily in television and online. Bad debt expense declined $43.5 million, or 46.0%, primarily as a result of lower EA volumes in the current year and with favorable collections of RAC receivables and EAs. In the prior year, we also recorded a $22.7 million impairment of goodwill related to an ancillary reporting unit, compared to an impairment of $4.3 million in the current year related to the discontinuation of the ExpressTax brand. Other expenses increased $23.0 million, or 14.8%, over the prior year due to incremental legal expenses incurred in the current year.

The pretax loss for the nine months ended January 31, 2012 and 2011 was $311.7 million and $324.9 million, respectively.

CORPORATE, ELIMINATIONS AND INCOME TAXES ON CONTINUING OPERATIONS

Corporate operating losses include interest income from U.S. passive investments, interest expense on borrowings, net interest margin and gains or losses relating to mortgage loans held for investment, real estate owned, residual interests in securitizations and other corporate expenses.

Corporate – Operating Results (in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Interest income on mortgage loans held for investment	$ 4,948	$ 5,923	$ 15,760	$ 18,771
Other	2,631	1,563	9,193	5,574
Total revenues	7,579	7,486	24,953	24,345
Interest expense	21,131	21,715	63,124	63,364
Provision for loan losses	4,525	7,800	17,275	24,100
Other	14,665	8,053	38,377	28,651
Total expenses	40,321	37,568	118,776	116,115
Pretax loss	$(32,742)	$(30,082)	$(93,823)	$(91,770)

Three and nine months ended January 31, 2012 compared to January 31, 2011

The provision for loan losses declined as a result of the continued run-off of our mortgage loan portfolio. Other expenses increased over the prior year primarily as a result of higher short-term incentive compensation expense in the current year.

Income Taxes

Our effective tax rate for continuing operations was 39.4% and 39.9% for the nine months ended January 31, 2012 and 2011, respectively. This decrease resulted from decreases in the state and foreign effective tax rates and favorable net discrete adjustments recorded in the current year in excess of the net favorable adjustments recorded in the same period of the prior year. These favorable adjustments were partially offset by losses in our investments in company-owned life insurance assets for which we do not receive a tax benefit.

DISCONTINUED OPERATIONS

Our discontinued operations include the results of RSM and related businesses, which were previously reported in our Business Services segment, and Sand Canyon Corporation, previously known as Option One Mortgage Corporation, and its subsidiaries (SCC).

Discontinued Operations – Operating Results (in 000s)

	Three months ended January 31,		Nine months ended January 31,	
	2012	2011	2012	2011
Revenues	$ 50,508	$171,071	$416,436	$549,180
Pretax income (loss) from operations:				
RSM and related businesses	$ 1,117	$ 8,327	$ 18,831	$ 15,228
Mortgage	(27,385)	(10,551)	(54,019)	(17,125)
	(26,268)	(2,224)	(35,188)	(1,897)
Income taxes (benefit)	(6,462)	(537)	(10,268)	268
Net income (loss) from operations	(19,806)	(1,687)	(24,920)	(2,165)
Pretax loss on sales of businesses	(236)	–	(109,485)	–
Income tax benefit	(20,260)	–	(59,969)	–
Net gain (loss) on sales of businesses	20,024	–	(49,519)	–
Net income (loss) from discontinued operations	$ 218	$ (1,687)	$ (74,436)	$ (2,165)

Three months ended January 31, 2012 compared to January 31, 2011

Net income from discontinued operations totaled $0.2 million for the three months ended January 31, 2012, compared to net loss of $1.7 million for the three months ended January 31, 2011. The decline in pretax operating income from RSM and related businesses was due to sale of RSM in November 2011. The pretax operating loss of SCC increased $16.8 million, primarily due to legal accruals recorded during the quarter.

Nine months ended January 31, 2012 compared to January 31, 2011

The net loss from our discontinued operations totaled $74.4 million and $2.2 million for the nine months ended January 31, 2012 and 2011, respectively. The loss on the sale of RSM and related businesses includes a $99.7 million goodwill impairment recorded in the first quarter related to the sale of RSM.

The loss related to the mortgage business increased due to legal accruals during the current year, coupled with $20.0 million in incremental loss provisions related to an increase in SCC's estimated contingent losses for representation and warranty claims recorded during the second quarter.

Income Taxes

The sale of RSM resulted in a pretax financial statement loss, but produced a gain for tax purposes. The tax gain resulted primarily from larger amortization deductions taken for tax purposes than for financial statement purposes. A portion of the gain from the sale of intangible assets is capital in nature and was offset by utilization of capital loss carry-forwards totaling $20.5 million in the third quarter.

Representation and Warranty Claims

SCC ceased originating mortgage loans in December of 2007 and, in April 2008, sold its servicing assets and discontinued its remaining operations. The sale of servicing assets did not include the sale of any mortgage loans. SCC retained contingent liabilities that arose from the operations of SCC prior to its disposal, including certain mortgage loan repurchase and indemnification obligations, contingent liabilities associated with litigation and related claims, lease commitments, and employee termination benefits. SCC also retained residual interests in certain mortgage loan securitization transactions prior to cessation of its origination business.

In connection with the securitization and sale of mortgage loans, SCC made certain representations and warranties. In the event that there is a breach of a representation and warranty and such breach materially and adversely affects the value of a mortgage loan or a securitization insurer's or bondholders' interest in the mortgage loan, SCC may be obligated to repurchase the loan or otherwise indemnify certain parties for losses incurred in connection with loan liquidation.

SCC has recorded a liability for estimated contingent losses related to representation and warranty claims as of January 31, 2012, of $142.9 million, which represents SCC's estimate of the probable loss that may occur. Losses on valid claims totaled $3.3 million and $7.7 million for the nine months ended January 31, 2012 and 2011, respectively. These amounts were recorded as reductions of SCC's loan repurchase liability.

While SCC uses what it believes to be the best information available to it in estimating its liability, assessing the likelihood that claims will be asserted in the future and estimating probable losses are inherently subjective and requires considerable management judgment. To the extent that the volume of asserted claims, the level of valid claims, the counterparties asserting claims, the nature of claims, or the value of residential home prices, among other factors, differ in the future from current estimates, future losses may be greater than the current estimates and those differences may be significant.

See additional discussion in Item 1, note 12 to the condensed consolidated financial statements.

FINANCIAL CONDITION

These comments should be read in conjunction with the condensed consolidated balance sheets and condensed consolidated statements of cash flows found on pages 1 and 3, respectively.

CAPITAL RESOURCES AND LIQUIDITY – Our sources of capital include cash from operations, cash from customer deposits, issuances of common stock and debt. We use capital primarily to fund working capital, pay dividends, repurchase shares of common stock and acquire businesses. Our operations are highly seasonal and therefore generally require the use of cash to fund operating losses during the period from May through mid-January.

Given the likely availability of a number of liquidity options discussed herein, including borrowing capacity under our unsecured committed line of credit (CLOC), we believe, that in the absence of any unexpected developments, our existing sources of capital at January 31, 2012 are sufficient to meet our operating needs.

CASH FROM OPERATING ACTIVITIES – Cash used in operations totaled $1.4 billion for the first nine months of fiscal year 2012, compared with $1.5 billion for the same period last year.

CASH FROM INVESTING ACTIVITIES – Cash provided by investing activities totaled $323.5 million for the first nine months of fiscal year 2012, compared to the use of $36.1 million in the same period last year.

Purchases of Available-for-Sale Securities. During the nine months ended January 31, 2012, HRB Bank purchased $178.0 million in mortgage-backed securities. No such purchases were made in the first nine months of the prior year.

Mortgage Loans Held for Investment. We received net payments of $35.5 million and $45.3 million on our mortgage loans held for investment for the first nine months of fiscal years 2012 and 2011, respectively. Cash payments declined primarily due to non-performing loans and continued run-off of our portfolio.

Purchases of Property and Equipment. Total cash paid for property and equipment was $71.5 million and $51.2 million for the first nine months of fiscal years 2012 and 2011, respectively.

Business Acquisitions. Total cash paid for acquisitions was $16.0 million and $50.8 million during the nine months ended January 31, 2012 and 2011, respectively. In July 2010 our Business Services segment acquired a Boston-based accounting firm, and cash used in investing activities in the prior year includes payments totaling $32.6 million related to this acquisition.

Sales of Businesses. Proceeds from the sales of businesses totaled $533.1 million and $62.3 million for the nine months ended January 31, 2012 and 2011, respectively. Current year amounts include net proceeds of $495.6 million from the sale of RSM and proceeds of $20.3 million from the sale of an ancillary business. During the first nine months of fiscal year 2012, we also sold 83 tax offices to franchisees, compared to 280 tax offices in the prior year. The majority of these sales were financed through affiliate loans.

Loans Made to Franchisees. Loans made to franchisees totaled $43.6 million and $90.3 million for the nine months ended January 31, 2012 and 2011, respectively. These amounts included both the financing of sales of tax offices and franchisee draws under our Franchise Equity Lines of Credit.

CASH FROM FINANCING ACTIVITIES – Cash provided by financing activities totaled $603.8 billion for the first nine months of fiscal year 2012, compared to $1.2 billion in the same period last year.

Short-Term Borrowings. We had commercial paper borrowings of $230.9 million and $632.6 million at January 31, 2012 and 2011, respectively. These borrowings were used to fund our off-season losses and cover our seasonal working capital needs. Borrowings declined from the prior year due to cash received from the sale of RSM.

Customer Banking Deposits. Customer banking deposits increased $735.3 million for the nine months ended January 31, 2012 compared to an increase of $1.0 billion in the prior year. We utilize cash provided by deposit balances as a funding source for our Emerald Advance lines of credit during the tax season. Funding from customer deposits declined to a lower volume of EAs in the current year.

Dividends. We have consistently paid quarterly dividends. Dividends paid totaled $150.1 million and $140.9 million for the nine months ended January 31, 2012 and 2011, respectively. During the third quarter, our Board of Directors approved an increase of our quarterly cash dividend from $0.15 per share to $0.20 per share. The increase was effective with the quarterly dividend payable on January 5, 2012, to shareholders of record as of December 22, 2011.

Repurchase and Retirement of Common Stock. We purchased and immediately retired 13.0 million shares of our common stock at a cost of $177.5 million during the nine months ended January 31, 2012, compared to 19.0 million shares of our common stock at a cost of $279.9 million during the nine months ended January 31, 2011. We expect to continue to repurchase and retire common stock or retire treasury stock in the future.

HRB BANK – At January 31, 2012, HRB Bank had a cash balance of $1.1 billion. Distribution of that cash balance would be subject to regulatory approval and it is therefore not currently available for general corporate purposes.

Block Financial LLC (BFC) typically makes capital contributions to HRB Bank to help HRB Bank meet its capital requirements. BFC made capital contributions to HRB Bank of $200.0 million during the nine months ended January 31, 2012, and contributed an additional $200.0 million in February 2012.

Historically, capital contributions by BFC have been repaid as a return of capital by HRB Bank as capital requirements decline. A return of capital or dividend paid by HRB Bank must be approved by the OCC and the Federal Reserve Bank. Although such payments have been approved in the past, there is no assurance that they will continue to be in the future, in particular if they determine that higher capital levels at HRB Bank are necessary due to non-performing asset levels. In addition, BFC may elect to maintain higher capital levels at HRB Bank. HRB Bank paid dividends and returned capital of $262.5 million during fiscal year 2011, comprised of $37.5 million in REO properties and loans and $225.0 million in cash.

BORROWINGS

The following chart provides the debt ratings for Block Financial LLC (BFC) as of January 31, 2012:

	Short-term	Long-term	Outlook
Moody's	P-2	Baa2	Stable
S&P	A-2	BBB	Negative
DBRS	R-2 (high)	BBB (high)	Stable

At January 31, 2012, we maintained a CLOC agreement to support commercial paper issuances, general corporate purposes or for working capital needs. This facility provides funding up to $1.7 billion and matures July 31, 2013. This facility bears interest at an annual rate of LIBOR plus 1.30% to 2.80% or PRIME plus 0.30% to 1.80% (depending on the type of borrowing) and includes an annual facility fee of 0.20% to 0.70% of the committed amounts (based on our credit ratings). Covenants in this facility include: (1) maintenance of a minimum equity of $650.0 million on the last day of any fiscal quarter; and (2) reduction of the aggregate outstanding principal amount of short-term debt, as defined in the CLOC agreement, to $200.0 million or less for thirty consecutive days during the period March 1 to June 30 of each year. At January 31, 2012, we were in compliance with these covenants and had net worth of $806.4 million. We had no balance outstanding under the CLOC at January 31, 2012. Effective March 2, 2012, we amended our CLOC agreement to reduce the amount of minimum equity that we must maintain as of the last day of any fiscal quarter from $650.0 million to $500.0 million.

There have been no material changes in our borrowings or debt ratings from those reported at April 30, 2011 in our Annual Report on Form 10-K.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

There have been no material changes in our contractual obligations and commercial commitments from those reported at April 30, 2011 in our Annual Report on Form 10-K.

REGULATORY ENVIRONMENT

There have been no material changes in our regulatory environment from those reported at April 30, 2011 in our Annual Report on Form 10-K.

FORWARD-LOOKING INFORMATION

This report and other documents filed with the Securities and Exchange Commission (SEC) may contain forward-looking statements. In addition, our senior management may make forward-looking statements orally to analysts, investors, the media and others. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "will," "would," "should," "could" or "may." Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. 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. They are not guarantees of future performance. By their nature, forward-looking statements are subject to risks and uncertainties, including those set forth in this Form 10-Q and our other filings with the SEC, including those set forth under Item 1A, "Risk Factors" in our annual report on Form 10-K. These statements speak only as of the date made and management does not undertake to update them to reflect changes or events occurring after that date except as required by federal securities laws.

ITEM 3.QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risks from those reported at April 30, 2011 in our Annual Report on Form 10-K.

ITEM 4.CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

As of the end of the period covered by this Form 10-Q, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)). The controls evaluation was done under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report on Form 10-Q.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no changes that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1.LEGAL PROCEEDINGS

For a description of our material pending legal proceedings, see discussion in Item 1, note 14 to the condensed consolidated financial statements.

ITEM 1A.RISK FACTORS

There have been no material changes in our risk factors from those reported at April 30, 2011 in our Annual Report on Form 10-K.

ITEM 2.UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

A summary of our purchases of H&R Block common stock during the third quarter of fiscal year 2012 is as follows:

(in 000s, except per share amounts)

	Total Number of Shares Purchased[1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs[2]	Maximum $ Value of Shares that May Be Purchased Under the Plans or Programs
November 1 – November 30	2	$ 15.01	–	$ 1,194,648
December 1 – December 31	20	$ 15.89	–	$ 1,194,648
January 1 – January 31	–	$ 16.20	–	$ 1,194,648

(1) All shares were purchased in connection with the funding of employee income tax withholding obligations arising upon the exercise of stock options or the lapse of restrictions on nonvested shares.

(2) In June 2008, our Board of Directors rescinded previous authorizations to repurchase shares of our common stock, and approved an authorization to purchase up to $2.0 billion of our common stock through June 2012.

ITEM 5.OTHER INFORMATION

(a) The following information is provided in accordance with Item 1.01 of Form 8-K (Entry into a Material Definitive Agreement):

Amendment to CLOC Agreement

Effective March 2, 2012, we amended our Credit and Guarantee Agreement among us, Block Financial LLC, each lender a party thereto and Bank of America, N.A., as administrative agent (the "CLOC agreement") to reduce the amount of minimum equity that we must maintain as of the last day of any fiscal quarter from $650.0 million to $500.0 million. A copy of the amendment to the CLOC agreement is attached as Exhibit 10.1 hereto and incorporated herein by reference

Form of Indemnification Agreements for Directors and Officers

On March 1, 2012, the Board of Directors of the Company approved a form of indemnification agreement (the "Indemnification Agreement") to be entered into by the Company and certain of its directors and officers (each, an "Indemnitee"). Current directors are already a party to a similar existing indemnification agreement, which will remain in place, unchanged.

In general, the Indemnification Agreement provides that, subject to the provisions set forth therein, the Company will indemnify and hold harmless an Indemnitee against all direct and indirect costs and liabilities incurred by an Indemnitee, to the fullest extent permitted by applicable law, in connection with any actions, claims, suits or other proceedings brought against such Indemnitee by reason of (i) the fact that the Indemnitee is or was a director, officer or other fiduciary of the Company or, at the request of the Company, a director, officer or other fiduciary of a subsidiary of the Company, or (ii) any action taken, or failure to act, by such Indemnitee in such capacity. The Indemnification Agreement provides contractual assurances regarding the scope of the indemnification as permitted by the Missouri General and Business Corporation Law and the Company's Amended and Restated Bylaws.

Under the Indemnification Agreement, an Indemnitee will have the right to advancement by the Company of expenses as they are actually and reasonably paid or incurred in connection with defending a claim covered by the Indemnification Agreement prior to the final disposition of such claim. The Indemnitee is required to repay any expenses advanced to the Indemnitee unless such Indemnitee is determined to be entitled to indemnification by the Company.

The above description of the Indemnification Agreement does not purport to be complete and is qualified in its entirety by reference to the form of Indemnification Agreement, a copy of which is filed as Exhibit 10.2 hereto and incorporated herein by reference. A schedule of the parties to the Indemnification Agreement is also filed with Exhibit 10.2

The following information is provided in accordance with Item 5.03 of Form 8-K (Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year):

Amended and Restated Bylaws of the Company

On March 1, 2012, the Board of Directors of the Company adopted Amended and Restated Bylaws of the Company (the "Bylaws"), effective immediately upon adoption, to supersede and replace the existing bylaws of the Company. Following is a summary of the amendments:

1. Section 4(b) – Amended to clarify the process shareholders must use to bring business before an annual meeting. Shareholders must now submit their notice between 90 and 120 days before the one-year anniversary of the filing of the Company's last proxy statement. In addition, the amendments provide that such notice to the Company is the exclusive means by which shareholders can bring business at a meeting of the shareholders, sets forth specific information that must be provided about the shareholder's ownership and other information that must be disclosed about the proposal.
2. Sections 7, 8 and 10 – Amended to clarify that notice of shareholders' meetings, waivers of notice, and proxies may be provided electronically.
3. Section 13 – Amended to clarify that a shareholder must present proper evidence showing a satisfactory reason and proper purpose to inspect the books and records of the Company. This section was also revised to remove the implication that shareholders have a right to examine and copy records of proceedings of the Board of Directors.

4. Sections 17 and 18 – Amended to provide that the Board of Directors may receive notice of meetings electronically, may determine the time and place of meetings without formal resolution, and may participate in any meeting by telephone or other similar means.
5. Section 19 – Amended to clarify that interested director(s) who attend a meeting of the Board of Directors will be considered present for the purpose of determining whether a quorum exists even if such director(s) abstains from voting on a matter.
6. Section 20 – Amended to revise the time frame that nominees for directors must be submitted to match the same timeframe as in Section 4(b) above and to clarify the process by which shareholders may nominate persons for election to the Board of Directors, including that the process set forth in this section is the exclusive mechanism by which directors may be nominated. As amended, the section also clarifies that a shareholder submitting a nomination must have been a shareholder of record both at the time of giving a notice and at the time of the meeting. The notice submitted by the shareholder must provide certain specified information. The current Board of Directors may request that the nominee provide information about, among other things, his or her independence and qualifications. As amended, the section clarifies that a person may not be nominated if he or she takes actions contrary to the representations made to the Company. Also, a nominated person may not be elected if (i) the nominating shareholder did not comply with the procedures set forth in this section; (ii) the nominee either failed to disclose or made an untrue statement about a material fact; or (iii) the nominee was nominated the previous year and withdrew or became ineligible, or received less than twenty percent of the total votes cast.
7. Sections 21 and 22 – Amended to clarify that a director may electronically transmit a written consent or a waiver of notice.
8. Section 23 – Amended to expand the scope of mandatory indemnification to include officers of the Company appointed by the Board of Directors in addition to directors.
9. Section 27 – Amended to clarify that officers do not hold their positions for specific terms, but instead until their successors have been appointed, or they die, resign, or are removed by the Board of Directors.
10. Former Section 29 – Deleted this section from the former bylaws, which stated that officer compensation and salaries are fixed by the board, because procedures involving the compensation of officers are currently addressed in applicable committee charters.
11. Former Section 30 – Deleted this section from the former bylaws, which stated that the board may delegate to the chairman of the board or other officers the authority to hire, discharge, set forth the duties of, and fix compensation of employees, because procedures involving the hiring of officers are currently addressed in applicable committee charters.
12. Section 34 – Amended to clarify that stock issued by the Company may be uncertificated.

The foregoing description of the amendments to the Company's Bylaws is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws of the Company, a copy of which is filed as Exhibit 3.1 hereto and incorporated herein by reference.

(b) As described in Item 5(a) above, on March 1, 2012, the Board of Directors of the Company adopted the Bylaws, including amendments to certain provisions relating to the procedures by which shareholders may nominate persons for election to the Company's Board of Directors. Specifically, as set forth in Section 20 of the Bylaws, these procedures were amended such that shareholders must submit a nomination to the Company between 90 and 120 days before the one-year anniversary of the prior year's annual meeting, rather than 45 days before the one-year anniversary of the filing of the Company's last proxy statement as would have been required under the Company's former bylaws. For example, the Company's last proxy statement was filed on August 2, 2011, and its last annual meeting was held on September 14, 2011. Before these amendments became effective, notice of a shareholder's nomination of a person for election to the Company's Board of Directors would have been required to be received no later than June 18, 2012. Under the Bylaws as amended, notice of nominations must now be received by the Company no earlier than May 17, 2012 or later than June 16, 2012. As amended, the Bylaws also set forth specific information about the nominating shareholder and any director nominee that must be included in the notice. These provisions are described in more detail above.

The foregoing description of the amendments to the Company's Bylaws is qualified in its entirety by reference to the full text of the Amended and Restated Bylaws of the Company, a copy of which is filed as Exhibit 3.1 hereto and incorporated herein by reference.

ITEM 6. EXHIBITS

3.1	Amended and Restated Bylaws of H&R Block, Inc.
10.1	First Amendment to Credit Agreement effective March 2, 2012, among Block Financial LLC, H&R Block, Inc., various institutions, and Bank of America, N.A., as Administrative Agent.
10.2	Form of Indemnification Agreement with Directors and Officers, and Schedule of Parties to Indemnification Agreement
31.1	Certification by Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by Chief Executive Officer furnished pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Chief Financial Officer furnished pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Extension Calculation Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.REF	XBRL Taxonomy Extension Reference Linkbase

* Indicates management contracts, compensatory plans or arrangements.

SIGNATURES

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

H&R BLOCK, INC.

William C. Cobb
President and Chief Executive Officer
March 7, 2012

Jeffrey T. Brown
Senior Vice President and
Chief Financial Officer

March 7, 2012

Colby R. Brown
Vice President and
Corporate Controller
March 7, 2012

Exhibit 3.1

AMENDED AND RESTATED
BYLAWS
OF
H & R BLOCK, INC.

(as amended through March 1, 2012)

OFFICES

1. OFFICES. The corporation shall maintain a registered office in the State of Missouri, and shall have a resident agent in charge thereof. The location of the registered office and name of the resident agent shall be designated in the Articles of Incorporation, or by resolution of the board of directors, on file in the appropriate offices of the State of Missouri. The corporation may maintain offices at such other places within or without the State of Missouri as the board of directors shall designate.

SEAL

2. SEAL. The corporation shall have a corporate seal inscribed with the name of the corporation and the words "Corporate Seal –Missouri". The form of the seal may be altered at pleasure and shall be used by causing it or a facsimile thereof to be impressed, affixed, reproduced or otherwise used.

SHAREHOLDERS' MEETINGS

3. PLACE OF MEETINGS. All meetings of the shareholders shall be held at the principal office of the corporation in Missouri, except such meetings as the board of directors (to the extent permissible by law) expressly determines shall be held elsewhere, in which case such meetings may be held at such other place or places, within or without the State of Missouri, as the board of directors shall have determined.

4. ANNUAL MEETING.

(a) Date and Time. The annual meeting of shareholders shall be held on the first Wednesday in September of each year, if not a legal holiday, and if a legal holiday, then on the first business day following, at 9:00 a.m., or on such other date and at such time as the board of directors may specify, when directors shall be elected and such other business transacted as may be properly brought before the meeting.

(b) Advance Notice of Shareholder Business. At an annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting.

(i) To be properly brought before the annual meeting, business must be (1) brought pursuant to the corporation's proxy materials with respect to such meeting, (2) by or at the direction of the board of directors, or (3) by a shareholder of the corporation who (A) was a shareholder of record both at the time of giving notice for the meeting and at the time

of the meeting and is entitled to vote at the meeting and (B) has timely complied in proper written form with the procedures set forth in this section 4(b) and Section 20, as applicable. In addition, for business to be properly brought before an annual meeting by a shareholder, such business must be a proper matter for shareholder action pursuant to these bylaws and applicable law. For the avoidance of doubt, except for proposals properly made in accordance with Rule 14a-8 under the Securities Exchange Act of 1934, and the rules and regulations thereunder (as so amended and inclusive of such rules and regulations) (the "Exchange Act") and included in the notice of meeting given by or at the direction of the board of directors, section 4(b)(i)(3) above and Section 20, as applicable, shall be the exclusive means for a shareholder to bring business before an annual meeting of shareholders.

(ii) For business to be properly brought before an annual meeting by a shareholder pursuant to section 4(b)(i)(3) above, a shareholder's notice must set forth all information required under this section 4(b) and must be received by the secretary of the corporation at the principal executive offices of the corporation not later than the 90th day nor earlier than the 120th day before the one-year anniversary of the date on which the corporation held its annual meeting of shareholders the previous year. The requirements of this section 4(b) shall apply to any business or nominations to be brought before an annual meeting by a shareholder whether such business or nominations are to be included in the corporation's proxy statement pursuant to Rule 14a-8 of the Exchange Act or presented to shareholders by means of an independently financed proxy solicitation.

(iii) To be in proper written form, a shareholder's notice to the secretary of the corporation must set forth as to each matter of business the shareholder intends to bring before the annual meeting: (1) a brief description of the business intended to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (2) the name and address, as they appear on the corporation's books, of the shareholder proposing such business and any Shareholder Associated Person (as defined below), (3) the class or series and number of shares of the corporation that are held of record or are beneficially owned, directly or indirectly, by the shareholder or any Shareholder Associated Person and any Derivative Instruments (as defined below) held or beneficially owned, directly or indirectly, by the shareholder or any Shareholder Associated Person, (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of such shareholder or any Shareholder Associated Person with respect to any securities of the corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit from share price changes for, or to increase or decrease the voting power of, such shareholder or any Shareholder Associated Person with respect to any securities of the corporation, (5) any proxy, contract, arrangement, understanding or relationship pursuant to which the shareholder or a Shareholder Associated Person has a right to vote any shares of any security of the corporation, (6) any rights to dividends on the shares of the corporation beneficially owned by the shareholder or a Shareholder Associated Person that are separated or separable from the underlying shares of the corporation, (7) any performance-related fees (other than asset-based fees) to which the shareholder or a Shareholder Associated Person is entitled based on any increase or decrease in the value of shares of the corporation or Derivative Instruments, if any, as of the date of such notice, (8) any material interest of the shareholder or a Shareholder Associated Person in such business, and (9) a statement whether

such shareholder or any Shareholder Associated Person will deliver a proxy statement and form of proxy to holders of at least the percentage of the corporation's voting shares required under applicable law to carry the proposal (such information provided and statements made as required by clauses (1) through (9), a "Business Solicitation Statement"). In addition, to be in proper written form, a shareholder's notice to the secretary of the corporation must be supplemented not later than ten days following the record date for notice of the meeting to disclose the information contained in clauses (1) through (7) above as of the record date for notice of the meeting. For purposes of this section 4, a "Shareholder Associated Person" of any shareholder shall mean (x) any person controlling, directly or indirectly, or acting in concert with, such shareholder, (y) any beneficial owner of shares of the corporation owned of record or beneficially by such shareholder and on whose behalf the proposal or nomination, as the case may be, is being made, or (z) any person controlling, controlled by or under common control with such person referred to in the preceding clauses (x) and (y). For purposes of this section 4, a "Derivative Instrument" shall mean any option, warrant, convertible security, share appreciation right or similar right with an exercise or conversion privilege or a settlement payment or mechanism at a price related to any class or series of shares of the corporation or with a value derived in whole or in part from the value of any class or series of capital share of the corporation or otherwise.

(iv) Without exception, no business shall be conducted at any annual meeting except in accordance with the provisions set forth in this section 4(b) and, if applicable, section 20. In addition, business proposed to be brought by a shareholder may not be brought before the annual meeting if such shareholder or a Shareholder Associated Person, as applicable, takes action contrary to the representations made in the Business Solicitation Statement applicable to such business or if the Business Solicitation Statement applicable to such business contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading. The chairman of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that business was not properly brought before the annual meeting in accordance with the provisions prescribed by these bylaws, and, if the chairman should so determine, he or she shall so declare at the annual meeting that any such business not properly brought before the annual meeting shall not be conducted.

(v) Notwithstanding anything to the contrary in this section 4(b), (1) if the shareholder (or a qualified representative of the shareholder) does not appear at the meeting of shareholders to propose such business, such business shall not be transacted (notwithstanding that proxies in respect of such vote may have been received by the corporation), and (2) a shareholder shall also comply with state law and the Exchange Act with respect to the matters set forth in this section 4(b). Nothing in this section 4(b) shall be deemed to affect any rights of shareholders to request inclusion of proposals in, or the corporation's right to omit proposals from, the corporation's proxy statement and form of proxy pursuant to Rule 14a-8 under the Exchange Act or any successor provision. The provisions of this Section 4(b) shall also govern what constitutes timely notice for purposes of Rule 14a-4(c) under the Exchange Act or any successor provision.

(c) Say on Pay Resolution. It shall be the practice of the corporation to present at the annual meeting of shareholders a resolution calling for an advisory vote on overall executive compensation programs, including the linkage of overall pay to performance.

5. SPECIAL MEETINGS. Special meetings of the shareholders may be called at any time by the chairman of the board, by the chief executive officer or by the president, or at any time upon the written request of a majority of the board of directors, or upon the written request of the holders of not less than a majority of the stock of the corporation entitled to vote in an election of directors. Each call for a special meeting of the shareholders shall state the time, the day, the place and the purpose or purposes of such meeting and shall be in writing, signed by the persons making the same and delivered to the secretary. No business shall be transacted at a special meeting other than such as is included in the purposes stated in the call.

6. CONDUCT OF ANNUAL AND SPECIAL MEETINGS.

(a) The chairman of the board, or in his or her absence the chief executive officer or the president, shall preside as the chairman of the meeting at all meetings of the shareholders. The chairman of the meeting shall be vested with the power and authority to (i) maintain control of and conduct an orderly meeting, (ii) exclude any shareholder from the meeting for failing or refusing to comply with any of the procedural standards or rules or conduct or any reasonable request of the chairman, and (iii) appoint inspectors of elections, prescribing their duties, and administer any oath that may be required under Missouri law. The ruling of the presiding officer on any matter shall be final and exclusive.

(b) The presiding officer shall establish the order of business and such rules and procedures for conducting the meeting as in his or her sole and complete discretion he or she determines necessary, appropriate or convenient under the circumstances, including without limitation (i) an agenda or order of business for the meeting, (ii) rules and procedures for maintaining order at the meeting and the safety of those present, (iii) limitations on participation in such meeting to shareholders of record of the corporation and their duly authorized and constituted proxies and such other persons as the presiding officer shall permit, (iv) restrictions on entry to the meeting after the time fixed for commencement thereof, (v) limitations on the time allotted to questions or comments by participants, and (vi) regulation of the voting or balloting as applicable, including without limitation matters that are to be voted on by ballot, if any. Unless and to the extent determined by the board of directors or the presiding officer, meetings of shareholders shall not be required to be held in accordance with rules of parliamentary procedure.

7. NOTICES. Written or printed notice of each meeting of the shareholders, whether annual or special, stating the place, date and time thereof and in case of a special meeting, the purpose or purposes thereof shall be delivered or mailed, including via electronic means, to each shareholder entitled to vote thereat, not less than ten nor more than seventy days prior to the meeting, unless, as to a particular matter, other or further notice is required by law, in which case such other or further notice shall be given. Any notice of a shareholders' meeting sent by mail shall be deemed to be delivered when deposited in the United States mail with postage prepaid thereon, addressed to the shareholder at his or her address as it appears on the books of the corporation.

8. WAIVER OF NOTICE. Whenever any notice is required to be given under the provisions of these bylaws, the Articles of Incorporation of the corporation, or of any law, a waiver thereof, if not expressly prohibited by law, in writing, or by other method of electronic transmission, signed by the person or persons entitled to such notice, shall be deemed the equivalent to the giving of such notice.

9. QUORUM. Except as otherwise may be provided by law, by the Articles of Incorporation of the corporation or by these bylaws, the holders of a majority of the shares issued and outstanding and entitled to vote thereat, present in person or by proxy, shall be required for and shall constitute a quorum at all meetings of the shareholders for the transaction of business. Every decision of a majority in amount of shares of such quorum shall be valid as a corporate act, except in those specific instances in which a larger vote is required by law or by the Articles of Incorporation. If a quorum is not present at any meeting, the shareholders entitled to vote thereat, present in person or by proxy, shall have power to adjourn the meeting to a specified date not longer than 90 days after such adjournment without notice other than announcement at the meeting, until the requisite amount of voting shares shall be present. At such adjourned meeting at which the requisite amount of voting shares shall be represented any business may be transacted which might have been transacted at the meeting as originally notified.

10. PROXIES. At any meeting of the shareholders, every shareholder having the right to vote shall be entitled to vote in person or by proxy appointed by an instrument in writing subscribed by such shareholder and bearing a date not more than eleven months prior to said meeting unless said instrument provides that it shall be valid for a longer period. A written proxy may be in the form of an electronic transmission, to the extent permitted by law.

11. VOTING.

(a) Each shareholder shall have one vote for each share of stock having voting power registered in his or her name on the books of the corporation and except where the transfer books of the corporation shall have been closed or a date shall have been fixed as a record date for the determination of its shareholders entitled to vote, no share of stock shall be voted at any election for directors which shall have been transferred on the books of the corporation within seventy days preceding such election of directors.

(b) Shareholders shall have no right to vote cumulatively for the election of directors.

(c) A shareholder holding stock in a fiduciary capacity shall be entitled to vote the shares so held, and a shareholder whose stock is pledged shall be entitled to vote unless, in the transfer by the pledgor on the books of the corporation, he or she shall have expressly empowered the pledgee to vote thereon, in which case only the pledgee or his or her proxy may represent said stock and vote thereon.

12. SHAREHOLDERS' LISTS. A complete list of the shareholders entitled to vote at every election of directors, arranged in alphabetical order, with the address of and the number of voting shares held by each shareholder, shall be prepared by the officer having charge of the stock books of the corporation and for at least ten days prior to the date of the election shall be open at the place where the election is to be held, during the usual hours for business, to the examination of any shareholder and shall be produced and kept open at the place of the election during the whole time thereof to the inspection of any shareholder present. The original or

duplicate stock ledger shall be the only evidence as to who are shareholders entitled to examine such lists, or the books of the corporation, or to vote in person or by proxy, at such election. Failure to comply with the foregoing shall not affect the validity of any action taken at any such meeting.

13. RECORDS. The corporation shall maintain such books and records as shall be dictated by good business practice and by law. The books and records of the corporation may be kept at any one or more offices of the corporation within or without the State of Missouri, except that the original or duplicate stock ledger containing the names and addresses of the shareholders, and the number of shares held by them, shall be kept at the registered office of the corporation in Missouri. Every shareholder shall have a right to examine, in person, or by agent or attorney, at any reasonable time, upon presenting proper evidence showing a satisfactory reason and proper purpose, such books and records as the shareholder may have a right to inspect under applicable law, at the corporation's principal place of business or registered office, and to make copies of or extracts from them.

DIRECTORS

14. NUMBER AND POWERS OF THE BOARD. The property and business of this corporation shall be managed by a board of directors, and the number of directors to constitute the board shall be not less than seven nor more than twelve, the exact number to be fixed by a resolution adopted by the affirmative vote of a majority of the whole board of directors. Directors need not be shareholders. In addition to the powers and authorities by these bylaws expressly conferred upon the board of directors, the board may exercise all such powers of the corporation and do or cause to be done all such lawful acts and things as are not prohibited, or required to be exercised or done by the shareholders only.

15. INCUMBENCY OF DIRECTORS.

(a) Election and Term of Office. Directors shall be elected at each annual meeting of shareholders to hold office until the next succeeding annual meeting of shareholders or until such director's successor has been elected and qualified. The term of office of each director shall begin immediately after his or her election and each director shall hold office until the next succeeding annual meeting of shareholders or until such director's successor has been elected and qualified and subject to prior death, resignation, retirement or removal from office of a director. No decrease in the number of directors constituting the board of directors shall reduce the term of any incumbent director. No person shall serve as a director for a period or consecutive periods that extend beyond the twelfth annual shareholders meeting following the annual shareholders meeting at which such person was first elected to the board of directors by the shareholders.

(b) Removal. Any director, or directors, or the entire board of directors of the corporation may be removed, with or without cause, at any time but only by the affirmative vote of the holders of at least a majority of the outstanding shares of each class of stock of the corporation entitled to elect one or more directors at a meeting of the shareholders called for such purpose.

(c) Qualification of Directors. To qualify for election or service as a director of the corporation, each incumbent director shall agree to resign from any portion of his or her current term that extends beyond the certification of election results of the next annual election of directors.

16. VACANCIES. Any newly created directorship resulting from an increase in the number of directors, and any vacancy occurring on the board of directors through death, resignation, disqualification, disability or any other cause, may be filled by vote of a majority of the surviving or remaining directors then in office, although less than a quorum, or by a sole remaining director. Any director so elected to fill a vacancy shall hold office for the unexpired portion of the term of the director whose place shall be vacated and until the election and qualification of his or her successor.

17. MEETINGS OF THE NEWLY ELECTED BOARD OF DIRECTORS - NOTICE. The first meeting of each newly elected board, which shall be deemed the annual meeting of the board, shall be held on the same day as the annual meeting of shareholders, or as soon thereafter as practicable, at such time and place, either within or without the State of Missouri, as shall be designated by the president. No notice of such meeting shall be necessary to the continuing or newly elected directors in order legally to constitute the meeting, provided that a majority of the whole board shall be present; or the members of the board may meet at such place and time as shall be fixed by the consent in writing (including via electronic transmission) of all of the directors. Members of the board of directors may participate in any meeting of the board of directors by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

18. NOTICE.

(a) Regular Meetings. Regular meetings of the board of directors may be held without notice at such place or places, within or without the State of Missouri, and at such time or times, as the board of directors may from time to time determine. Any business may be transacted at a regular meeting.

(b) Special Meetings. Special meetings of the board of directors may be called by the chairman, the chief executive officer, the president or any two directors. Notice thereof stating the place, date and hour of the meeting shall be given to each director either by mail not less than 48 hours before the date of the meeting, by telephone or by other method of electronic transmission on 24 hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances. The place may be within or without the State of Missouri as designated in the notice. The "call" and the "notice" of any such meeting shall be deemed synonymous.

19. QUORUM. At all meetings of the board of directors a majority of the whole board shall, unless a greater number as to any particular matter is required by statute, by the Articles of Incorporation or by these bylaws, constitute a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors. Less than a quorum may adjourn the meeting successively until a quorum is present, and no notice of adjournment shall be required.

The foregoing provisions relating to a quorum for the transaction of business shall not be affected by the fact that one or more of the directors have or may have interests in any matter to come before a meeting of the board, which interests are or might be adverse to the interests of this corporation. Any such interested director or directors who attend the meeting shall at all times be considered as present for the purpose of determining whether or not a quorum exists.

20. NOMINATIONS FOR ELECTION AS DIRECTORS.

(a) Notwithstanding anything in these bylaws to the contrary, only persons who are nominated in accordance with the procedures set forth in this section 20 shall be eligible for election or re-election as directors at an annual meeting of shareholders. Nominations of persons for election or re-election to the board of directors shall be made at an annual meeting of shareholders only (i) by or at the direction of the board of directors or (ii) by a shareholder of the corporation who (1) was a shareholder of record both at the time of giving notice for the meeting and at the time of the meeting and is entitled to vote at the meeting and (2) has complied with the notice procedures set forth in this section 20. The foregoing clause (ii) shall be the exclusive means for a shareholder to make any nomination of a person or persons for election to the board of directors at an annual meeting. In addition to any other applicable requirements, for a nomination to be made by a shareholder, the shareholder must have given timely notice thereof in proper written form to the secretary of the corporation.

(b) To comply with clause (ii) of section 20(a) above, a nomination to be made by a shareholder must set forth all information required under this section 20 and must be received by the secretary of the corporation at the principal executive offices of the corporation at the time set forth in, and in accordance with section 4(b).

(c) To be in proper written form, such shareholder's notice to the secretary must set forth:

(i) as to each person (a "nominee") whom the shareholder proposes to nominate for election or re-election as a director: (1) the name, age, business address and residence address of the nominee, (2) the principal occupation or employment of the nominee, (3) the class or series and number of shares of the corporation that are held of record or are beneficially owned, directly or indirectly, by the nominee and any Derivative Instruments held or beneficially held of record or are beneficially owned, directly or indirectly, by the nominee, (4) whether and the extent to which any hedging or other transaction or series of transactions has been entered into by or on behalf of the nominee with respect to any securities of the corporation, and a description of any other agreement, arrangement or understanding (including any short position or any borrowing or lending of shares), the effect or intent of which is to mitigate loss to, or to manage the risk or benefit of share price changes for, or to increase or decrease the voting power of the nominee, (5) any proxy, contract, arrangement, understanding or relationship pursuant to which the nominee has a right to vote any shares of any security of the corporation, (6) any rights to dividends on the shares of the corporation beneficially owned by the nominee that are separated or separable from the underlying shares of the corporation, (7) any

performance-related fees (other than asset-based fees) that the nominee is entitled to based on any increase or decrease in the value of shares of the corporation or Derivative Instruments, if any, as of the date of such notice, (8) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nominations are to be made by the shareholder, (9) a written statement executed by the nominee acknowledging that as a director of the corporation, the nominee will owe a fiduciary duty under Missouri law with respect to the corporation and its shareholders and giving consent to be named in the proxy statement and to serving as a director if elected or re-elected, as the case may be, (10) a fully completed director's questionnaire on the form supplied by the corporation, executed by the nominee, (11) a written representation and agreement (in the form provided by the secretary upon written request) that such person (a) is not and will not become a party to (i) any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity as to how such person, if elected as a director of the corporation, will act or vote on any issue or question (a "Voting Commitment") that has not been disclosed to the corporation or (ii) any Voting Commitment that could limit or interfere with such person's ability to comply, if elected as a director of the corporation, with such person's fiduciary duties under applicable law, (b) is not and will not become a party to any agreement, arrangement or reimbursement or indemnification in connection with service or action as a director that has not been disclosed therein, and (c) in such person's individual capacity and on behalf of any person or entity on whose behalf the nomination is being made, would be in compliance, if elected as a director of the corporation, and will comply with all applicable publicly disclosed corporate governance, conflict of interest, confidentiality and share ownership and trading policies and guidelines of the corporation; and (12) any other information relating to the nominee that would be required to be disclosed about such nominee if proxies were being solicited for the election or re-election of the nominee as a director, or that is otherwise required, in each case pursuant to Regulation 14A under the Exchange Act; and

(ii) as to such shareholder giving notice, (1) the information required to be provided pursuant to clauses (2) through (7) of section 4(b)(iii) above, and to supplement such notice not later than ten days following the record date for notice of the meeting to disclose the information contained in clauses (3) through (7) of section 4(b)(iii) above as of the record date for notice of the meeting (except that the references to "business" in such clauses shall instead refer to nominations of directors for purposes of this paragraph), and (2) a statement whether such shareholder or Shareholder Associated Person will deliver a proxy statement and form of proxy to holders of a number of the corporation's voting shares reasonably believed by such shareholder or Shareholder Associated Person to be necessary to elect or re-elect such nominee(s) (such information provided and statements made as required by clauses (1) and (2) of this section 20(c)(ii), a "Nominee Solicitation Statement").

(d) At the request of the board of directors, any person nominated by a shareholder for election or re-election as a director must furnish to the secretary of the corporation (i) that information required to be set forth in the shareholder's notice of nomination of such person as a director as of a date subsequent to the date on which the notice of such person's nomination was first given, (ii) such other information as may reasonably be required by the corporation to determine the eligibility of such proposed nominee to serve as an independent director or audit committee financial expert of the corporation under applicable

laws, securities exchange rules or regulations, or any publicly-disclosed corporate governance guideline or committee charter of the corporation, and (iii) such information that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such nominee. In the absence of the furnishing of such information if requested, such shareholder's nomination shall not be considered in proper form pursuant to this section 20.

(e) Without exception, no person shall be eligible for election or re-election as a director of the corporation at an annual meeting of shareholders unless nominated in accordance with the provisions set forth in this section 20. In addition, a nominee shall not be eligible (i) for election or re-election if a shareholder or Shareholder Associated Person, as applicable, takes action contrary to the representations made in the Nominee Solicitation Statement applicable to such nominee or if the Nominee Solicitation Statement applicable to such nominee contains an untrue statement of a material fact or omits to state a material fact necessary to make the statements therein not misleading, or (ii) for election if such nominee was nominated by a shareholder of the corporation for the preceding annual meeting of shareholders and withdrew from or became ineligible or unavailable for election at the meeting or received at such meeting votes in favor of his or her election representing less than 20 percent of the total votes cast for or withheld from his or her election.

(f) The chairman of the annual meeting shall, if the facts warrant, determine and declare at the annual meeting that a nomination was not made in accordance with the provisions prescribed by these bylaws, and if the chairman should so determine, he or she shall so declare at the annual meeting, and the defective nomination shall be disregarded.

21. DIRECTORS' ACTION WITHOUT MEETING. If all the directors severally or collectively consent in writing, or by electronic transmission, to any action to be taken by the directors, such consents shall have the same force and effect as a unanimous vote of the directors at a meeting duly held. The secretary shall file such consents with the minutes of the meetings of the board of directors.

22. WAIVER. Any notice provided or required to be given to the directors may be waived in writing (including via electronic transmission) by any of them, whether before, at, or after the time stated therein. Attendance of a director at any meeting shall constitute a waiver of notice of such meeting except where he attends for the express purpose of objecting to the transaction of any business thereat because the meeting is not lawfully called or convened.

23. INDEMNIFICATION OF DIRECTORS AND OFFICERS AND CONTRIBUTION.

(a) Scope of Indemnification. The corporation shall indemnify each director, and each officer appointed by the board of directors in calendar year 2012 or thereafter, and may indemnify other persons (each, a "Covered Person") of the corporation who was or is a party or witness, or is threatened to be made a party or witness, to any threatened, pending or completed action, suit or proceeding (including, without limitation, an action, suit or proceeding by or in the right of the corporation), whether civil, criminal, administrative or investigative (including a grand jury proceeding), by reason of the fact that the person is or was (i) a director or officer of the corporation or (ii) serving at the request of the corporation, as a director, officer,

employee, agent, partner or trustee (or in any similar position) of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, to the fullest extent authorized or permitted by the Missouri General and Business Corporation Law and any other applicable law, as the same exists or may hereinafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than said law permitted the corporation to provide prior to such amendment), against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, or in connection with any appeal thereof; provided, however, that, except as provided in section 23(b) with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any person in connection with an action, suit or proceeding (or part thereof) initiated by such person only if the initiation of such action, suit or proceeding (or part thereof) was authorized by the board of directors. Any right to indemnification hereunder shall include the right to payment by the corporation of expenses incurred in connection with any such action, suit or proceeding in advance of its final disposition; provided, however, that any payment of such expenses incurred by a Covered Person in advance of the final disposition of such action, suit or proceeding shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such Covered Person, to repay all amounts so advanced unless it should be determined ultimately that such Covered Person is entitled to be indemnified under this section or otherwise.

(b) Payment, Determination and Enforcement. Any indemnification or advancement of expenses required under this section shall be made promptly. If a determination by the corporation that a Covered Person is entitled to indemnification is required, and the corporation fails to make such determination within ninety days after final determination of an action, suit or proceeding, the corporation shall be deemed to have approved such request. If with respect to Covered Person indemnification the corporation denies indemnification or a written request for advancement of expenses, in whole or in part, or if payment in full pursuant to such determination or request is not made within thirty days, the right to indemnification and advancement of expenses as granted by this section shall be enforceable by the Covered Person in any court of competent jurisdiction. Such Covered Person's costs and expenses incurred in connection with successfully establishing the right to indemnification, in whole or in part, in any such action or proceeding shall also be indemnified by the corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for the advancement of expenses pursuant to this section where the required undertaking has been received by the corporation) that the claimant has not met the applicable standard of conduct set forth in Sections 351.355.1 or 351.355.2 of the Missouri General and Business Corporation Law, but the burden of proving such defense shall be on the corporation. Neither the failure of the corporation (including the board of directors, independent legal counsel or the shareholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because the person has met the applicable standard of conduct set forth in the Missouri General and Business Corporation Law, nor the fact that there has been an actual determination by the corporation (including the board of directors, independent legal counsel or the shareholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) Nonexclusivity, Duration and Indemnification Agreements . The indemnification and advancement of expenses provided by, or granted pursuant to, this section shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled either under the Articles of Incorporation or any other bylaw, agreement, vote of shareholders or disinterested directors or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director or officer, and shall inure to the benefit of the heirs, executors and administrators of such Covered Person. Any repeal or modification of the provisions of this section 23 shall not affect any obligations of the corporation or any rights regarding indemnification and advancement of expenses of a Covered Person with respect to any threatened, pending or completed action, suit or proceeding in which the alleged cause of action accrued at any time prior to such repeal or modification. Upon approval of a majority of a quorum of disinterested directors, the corporation may enter into indemnification agreements with officers and directors of the corporation, or extend indemnification to officers, employees or agents of the corporation, in addition to what may be required under the corporation's bylaws, upon such terms and conditions as may be deemed appropriate.

(d) Insurance. The corporation may purchase and maintain insurance, at its expense, to protect itself and any person who is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, agent, partner or trustee of another corporation, partnership, joint venture, trust, employment benefit plan or other enterprise against any liability asserted against the person and incurred by the person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under the provisions of this section, the Missouri General and Business Corporation Law or otherwise.

(e) Severability. If this section or any portion thereof shall be invalidated on any ground by any court of competent jurisdiction, then the corporation shall nevertheless indemnify each Covered Person of the corporation as to expenses (including attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, including (without limitation) a grand jury proceeding and an action, suit or proceeding by or in the right of the corporation, to the fullest extent authorized or permitted by any applicable portion of this section that shall not have been invalidated by the Missouri General and Business Corporation Law or by any other applicable law.

(f) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in this section is held by a court of competent jurisdiction to be unavailable in whole or part to a Covered Person, the corporation shall contribute to the payment of the Covered Person's losses that would have been so indemnified in an amount that is just and equitable in the circumstances, taking into account, among other things, contributions by other Covered Persons of the corporation pursuant to indemnification agreements or otherwise. In the absence of personal enrichment of the Covered Person, or acts of intentional fraud or dishonest or criminal conduct on the part of the Covered Person, it would not be just and equitable for the Covered Person to contribute to the payment of losses arising out of an action, suit or proceeding in an amount greater than: (i) in a case where

the Covered Person is a director of the corporation or any of its subsidiaries but not an officer of either, the amount of fees paid to the Covered Person for serving as a director during the 12 months preceding the commencement of such action, suit or proceeding, (ii) in a case where the Covered Person is a director of the corporation or any of its subsidiaries and is an officer of either, the amount set forth in clause (i) plus five percent of the aggregate cash compensation paid to the Covered Person for serving as such officer(s) during the 12 months preceding the commencement of such action, suit or proceeding, or (iii) in a case where the Covered Person is only an officer of the corporation or any of its subsidiaries, five percent of the aggregate cash consideration paid to the Covered Person for serving as such officer(s) during the 12 months preceding the commencement of such action, suit or proceeding. The corporation shall contribute to the payment of losses covered hereby to the extent not payable by the Covered Person pursuant to the contribution provisions set forth in the preceding sentence.

24. INTERESTS OF DIRECTORS. In case the corporation enters into contracts or transacts business with one or more of its directors, or with any firm of which one or more of its directors are members or with any other corporation, limited liability company, partnership, association, or other similar form of business entity of which one or more of its directors are members, shareholders, partners, directors or officers, such transaction or transactions shall not be invalidated or in any way affected by the fact that such director or directors have or may have interests therein which are or might be adverse to the interests of this corporation; provided that such contract or transaction is entered into in good faith and authorized or ratified on behalf of this corporation by the board of directors or by a person or persons (other than the contracting person) having authority to do so, and if the directors or other person or persons so authorizing or ratifying shall then be aware of the interest of such contracting person. In any case in which any transaction described in this section 24 is under consideration by the board of directors, the board may, upon the affirmative vote of a majority of the whole board, exclude from its presence while its deliberations with respect to such transaction are in progress any director deemed by such majority to have an interest in such transaction.

25. COMMITTEES.

(a) Executive Committee. The board of directors may, by resolution or resolutions passed by a majority of the whole board, designate an executive committee, such committee to consist of two or more directors of the corporation, which committee, to the extent provided in said resolution or resolutions, shall have and may exercise all of the authority of the board of directors in the management of the corporation.

(b) Audit Committee. The corporation shall maintain an audit committee consisting of at least three directors. No member of the audit committee shall be an employee of the corporation, and each member of the audit committee shall be independent pursuant to standards promulgated by the Securities Exchange Commission and the New York Stock Exchange. The audit committee shall be responsible for assisting the board of directors regarding (i) the integrity of the corporation’s financial statements, (ii) the corporation’s compliance with legal and regulatory requirements, (iii) the independent auditor’s qualifications and independence, and (iv) the performance of the corporation’s internal audit function and independent auditor. The audit committee shall have sole responsibility for appointing, retaining, discharging or replacing the corporation’s independent auditor and, following completion of the

independent auditor's examination of the corporation's consolidated financial statements, review with the independent auditor and corporation management, such matters in connection with the audit as deemed necessary and desirable by the audit committee. The audit committee shall have such additional duties, responsibilities, functions and powers as may be delegated to it by the board of directors of the corporation. The audit committee shall be empowered to retain, at the expense of the corporation, independent expert(s) if it deems this to be necessary.

(c) Other Committees. The board of directors may also, by resolution or resolutions passed by a majority of the whole board, designate other committees, with such persons, powers and duties as it deems appropriate and as are not inconsistent with law.

(d) Rules, Records, Reports and Charters. The committees may make and adopt such rules and regulations governing their proceedings as they may deem proper and which are consistent with the statutes of the State of Missouri, the Articles of Incorporation and the bylaws. Each committee that the board of directors is required to maintain pursuant to these bylaws or applicable laws, regulations, or stock exchange rules shall adopt a charter, to be approved by the board of directors and reviewed annually. In addition to the authority, duties and obligations expressly set forth in these bylaws, the committees shall have such authority, duties and obligations as shall be set forth in their respective charters, as approved by the board of directors, or otherwise delegated to them by the board of directors.

(e) Proceedings. The provisions of these bylaws with respect to meetings of the board of directors shall apply to meetings of the committees, *mutatis mutandis*.

(f) Vacancies. Any vacancy in a committee shall be filled by another director appointed by a majority of the board of directors.

26. COMPENSATION OF DIRECTORS AND COMMITTEE MEMBERS. By resolution duly adopted by a majority of the board of directors, directors and members shall be entitled to receive reasonable annual compensation for services rendered to the corporation as such, and a fixed sum and expenses of attendance, if any, may be allowed for attendance at each regular or special meeting of the board or committee; provided that nothing herein contained shall be construed to preclude any director or committee member from serving the corporation in any other capacity and receiving compensation therefor.

27. OFFICERS.

(a) Appointed Officers. The board of directors shall annually appoint the following officers of the corporation: a chairman of the board, president or chief executive officer, a secretary, and a treasurer. In addition, if the board desires, it may appoint a vice chairman, one or more vice presidents, assistant secretaries and/or assistant treasurers. The chairman of the board, the vice chairman of the board and the chief executive officer shall be vested with such powers, duties, and authority as the board of directors may from time to time determine and as may be set forth in these bylaws.

(b) Any two or more of such offices may be held by the same person, except the offices of chairman of the board and vice chairman of the board, chairman of the board and chief executive officer, chairman of the board and president, president and vice president, and

president and secretary. Furthermore, the chairman of the board shall be independent pursuant to standards promulgated by the Securities Exchange Commission and the New York Stock Exchange and shall not have served previously as an executive officer of the corporation.

(c) An appointed officer shall be deemed qualified when he or she enters upon the duties of the office to which he or she has been appointed and furnishes any bond required by the board; but the board may also require such person to provide his or her written acceptance and promise faithfully to discharge the duties of such office.

(d) Term of Office. Each appointed officer of the corporation shall hold his or her office at the pleasure of the board and until his or her successor shall have been duly appointed and qualified, or until he or she dies, resigns or is removed by the board, whichever first occurs.

28. REMOVAL. Any officer or agent appointed by the board of directors, and any employee, may be removed or discharged by the board whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without a prejudice to the contract rights, if any, of the person so removed.

29. THE CHAIRMAN OF THE BOARD, THE VICE CHAIRMAN OF THE BOARD, THE CHIEF EXECUTIVE OFFICER AND THE PRESIDENT.

(a) The president may be appointed by the board of directors to be the chief executive officer of the corporation, or the board of directors may appoint a chief executive officer who is not the president, and the chief executive officer shall have general and active management of the business of the corporation and shall carry into effect all directions and resolutions of the board. The chairman of the board, the vice chairman of the board, the chief executive officer and the president shall be vested with such powers, duties, and authority as the board of directors may from time to time determine and as may be set forth in these bylaws. Except as otherwise provided for in these bylaws, the chairman of the board, or in his or her absence, the chief executive officer or president, shall preside at all meetings of the shareholders of the corporation and at all meetings of the board of directors.

(b) The chairman of the board, vice chairman of the board, the chief executive officer or president may execute all bonds, notes, debentures, mortgages, and other contracts requiring a seal, under the seal of the corporation and may cause the seal to be affixed thereto, and all other instruments for and in the name of the corporation, except that if by law such instruments are required to be executed only by the president, he or she shall execute them.

(c) The chairman of the board, vice chairman of the board, chief executive officer or president, when authorized so to do by the board, may execute powers of attorney from, for, and in the name of the corporation, to such proper person or persons as he or she may deem fit, in order that thereby the business of the corporation may be furthered or action taken as may be deemed by him or her necessary or advisable in furtherance of the interests of the corporation.

(d) The chairman of the board, vice chairman of the board, chief executive officer or president, except as may be otherwise directed by the board, shall attend meetings of

shareholders of other corporations to represent this corporation thereat and to vote or take action with respect to the shares of any such corporation owned by this corporation in such manner as he or she shall deem to be for the interests of the corporation or as may be directed by the board.

(e) The chairman of the board, vice chairman of the board, chief executive officer or president shall have such other or further duties and authority as may be prescribed elsewhere in these bylaws or from time to time by the board of directors.

30. VICE PRESIDENTS. The vice presidents in the order of their seniority shall, in the absence, disability or inability to act of the chairman of the board, the vice chairman of the board, the chief executive officer and the president, perform the duties and exercise the powers of the chairman of the board, the vice chairman of the board, the chief executive officer and the president, and shall perform such other duties as the board of directors shall from time to time prescribe.

31. THE SECRETARY AND ASSISTANT SECRETARIES.

(a) The secretary shall, as requested by the board, attend all sessions of the board and except as otherwise provided for in these bylaws, all meetings of the shareholders, and shall record or cause to be recorded all votes taken and the minutes of all proceedings in a minute book of the corporation to be kept for that purpose. He or she shall perform like duties for the executive and other standing committees when requested by the board or such committee to do so.

(b) The secretary shall have the principal responsibility to give, or cause to be given, notice of all meetings of the shareholders and of the board of directors, but this shall not lessen the authority of others to give such notice as is authorized elsewhere in these bylaws.

(c) The secretary shall see that all books, records, lists and information, or duplicates, required to be maintained at the registered or home office of the corporation in Missouri, or elsewhere, are so maintained.

(d) The secretary shall keep in safe custody the seal of the corporation, and when duly authorized to do so shall affix the same to any instrument requiring it, and when so affixed, he or she shall attest the same by his or her signature.

(e) The secretary shall perform such other duties and have such other authority as may be prescribed elsewhere in these bylaws or from time to time by the board of directors, the chairman of the board, chief executive officer or the president, under whose direct supervision he or she shall be.

(f) The secretary shall have the general duties, powers and responsibilities of a secretary of a corporation.

(g) The assistant secretaries, in the order of their seniority, in the absence, disability or inability to act of the secretary, shall perform the duties and exercise the powers of the secretary, and shall perform such other duties as the board may from time to time prescribe.

32. THE TREASURER AND ASSISTANT TREASURERS.

(a) The treasurer shall have the responsibility for the safekeeping of the funds and securities of the corporation, and shall deposit or cause to be deposited all monies and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors.

(b) The treasurer shall disburse, or permit to be disbursed, the funds of the corporation as may be ordered, or authorized generally, by the board, and shall render to the chief executive officers of the corporation and the directors whenever they may require it, an account of all transactions as treasurer and of those under his or her jurisdiction, and of the financial condition of the corporation.

(c) The treasurer shall perform such other duties and shall have such other responsibility and authority as may be prescribed elsewhere in these bylaws or from time to time by the board of directors.

(d) The treasurer shall have the general duties, powers and responsibility of a treasurer of a corporation.

(e) The assistant treasurers, in the order of their seniority, shall, in the absence, disability or inability to act of the treasurer, perform the duties and exercise the powers of the treasurer, and shall perform such other duties as the board of directors shall from time to time prescribe.

33. DUTIES OF OFFICERS MAY BE DELEGATED. If any officer of the corporation be absent or unable to act, or for any other reason that the board may deem sufficient, the board may delegate, for the time being, some or all of the functions, duties, powers and responsibilities of any officer to any other officer, or to any other agent or employee of the corporation or other responsible person, provided a majority of the whole board concurs therein.

SHARES OF STOCK

34. CERTIFICATES OF STOCK. The certificates for shares of stock of the corporation shall be numbered, shall be in such form as may be prescribed by the board of directors in conformity with law, and shall be entered into the stock books of the corporation as they are issued, and such entries shall show the name and address of the person, firm, partnership, corporation or association to whom each certificate is issued; provided that the corporation may, at its option, issue shares of stock which shall be uncertificated shares and not evidenced by certificates. Each certificate shall have printed, typed or written thereon the name of the person, firm, partnership, corporation or association to whom it is issued, and number of shares represented thereby and shall be signed by the president or a vice president, and the treasurer or an assistant treasurer or the secretary or an assistant secretary of the corporation, and sealed with the seal of the corporation, which seal may be facsimile, engraved or printed. If the corporation has a registrar, a transfer agent, or a transfer clerk who actually signs such certificates, the signatures of any of the other officers above mentioned may be facsimile, engraved or printed. In case any such officer who has signed or whose facsimile signature has

been placed upon any such certificate shall have ceased to be such officer before such certificate is issued, such certificate may nevertheless be issued by the corporation with the same effect as if such officer were an officer at the date of its issue. Every holder of uncertificated shares is entitled to receive a statement of holdings as evidence of share ownership. Upon the request of any holder of uncertificated shares, the corporation shall also furnish such information as is required under Missouri law.

35. TRANSFERS OF SHARES, TRANSFER AGENT, REGISTRAR. Transfers of shares of stock shall be made on the books of the corporation only by the person named in the stock certificate or by his or her attorney lawfully constituted in writing, and upon surrender of the certificate therefor. The stock record books and other transfer records shall be in the possession of the secretary or of a transfer agent or clerk of the corporation. The corporation may from time to time appoint a transfer agent and if desired a registrar, under such arrangements and upon such terms and conditions as the corporation deems advisable; but until and unless the corporation appoints some other person, firm, or corporation as its transfer agent (and upon the revocation of any such appointment, thereafter until a new appointment is similarly made) the secretary shall be the transfer agent or clerk of the corporation, without the necessity of any formal action of the board of directors and the secretary shall perform all of the duties thereof.

36. LOST CERTIFICATE. In the case of the loss or destruction of any outstanding certificate for shares of stock of the corporation, the corporation may issue a duplicate certificate (plainly marked “duplicate”), in its place, provided the registered owner thereof or his legal representatives furnish due proof of loss thereof by affidavit, and (if required by the board of directors, in its discretion) furnish a bond in such amount and form and with such surety as may be prescribed by the board. In addition, the board of directors may make any other requirements which it deems advisable.

37. CLOSING OF TRANSFER BOOKS. The board of directors shall have power to close the stock transfer books of the corporation for a period not exceeding seventy days preceding the date of any meeting of the shareholders, or the date for payment of any dividend, or the date for the allotment of rights, or any effective date or change or conversion or exchange of capital stock; provided, however, that in lieu of closing the stock transfer books as aforesaid, the board of directors may fix in advance a date, not exceeding seventy days preceding the effective date of any of the above enumerated transactions, as a record date; and in either case such shareholders and only such shareholders as shall be shareholders of record on the date of closing the transfer books, or on the record date so fixed, shall be entitled to receive notice of any such transaction or to participate in any such transactions notwithstanding any transfer of any share on the books of the corporation after the date of closing the transfer books or such record date so fixed.

GENERAL

38. DIVIDENDS. Dividends upon the shares of stock of the corporation, subject to any applicable provisions of the Articles of Incorporation and of any applicable laws or statutes may be declared by the board of directors at any regular or special meeting. Dividends may be paid in cash, in property or in shares of its stock and to the extent and in the manner provided by law out of any available earned surplus or earnings of the corporation. Liquidating dividends or dividends representing a distribution of paid-in surplus or a return of capital shall be made only when and in the manner permitted by law.

39. CREATION OF RESERVES. Before the payment of any dividends, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the board of directors from time to time, in their absolute discretion, think proper as a reserve fund or funds, to meet contingencies, or for equalizing dividends, or for repairing, or maintaining any property of the corporation, or for such other purposes as the board of directors shall think conducive to the interests of the corporation, and the board of directors may abolish any such reserve in the manner in which it was created.

40. FIXING OF CAPITAL, TRANSFERS OF SURPLUS. Except as may be specifically otherwise provided in the Articles of Incorporation, the board of directors is expressly empowered to exercise all authority conferred upon it or the corporation by any law or statute, and in conformity therewith, relative to:

(a) The determination of what part of the consideration received for shares of the corporation shall be capital;

(b) Increasing or reducing capital;

(c) Transferring surplus to capital or capital to surplus;

(d) Allocating capital to shares of a particular class of stock;

(e) The consideration to be received by the corporation for its shares; and

(f) All similar or related matters;

provided that any concurrent action or consent by or of the corporation and its shareholders required to be taken or given pursuant to law, shall be duly taken or given in connection therewith.

41. CHECKS, NOTES AND MORTGAGES. All checks, drafts, or other instruments for the payment, disbursement, or transfer of monies or funds of the corporation may be signed in its behalf by the treasurer of the corporation, unless otherwise provided by the board of directors. All notes of the corporation and any mortgages or other forms of security given to secure the payment of the same may be signed by the president who may cause to be affixed the corporate seal attested by the secretary or assistant secretary. The board of directors by resolution adopted by a majority of the whole board from time to time may authorize any officer or officers or other responsible person or persons to execute any of the foregoing instruments for and in behalf of the corporation.

42. FISCAL YEAR. The board of directors may fix and from time to time change the fiscal year of the corporation. In the absence of action by the board of directors, the fiscal year shall end each year on the same date which the officers of the corporation elect for the close of its first fiscal period.

43. TRANSACTIONS WITH RELATED PERSONS. The affirmative vote of at least a majority of the outstanding shares of the corporation entitled to vote on the matter and present in person or by proxy at a meeting at which a quorum is present, unless a greater approval requirement is required by law, shall be required for the approval or authorization of any business transaction with a related person as set forth in the Articles of Incorporation in the manner provided therein.

44. DIRECTOR'S DUTIES; CONSIDERATION OF TENDER OFFERS. The board of directors shall have broad discretion and authority in considering and evaluating tender offers for the stock of this corporation. Directors shall not be liable for breach of their fiduciary duty to the shareholders merely because the board votes to accept an offer that is not the highest price per share, provided, that the directors act in good faith in considering collateral nonprice factors and the impact on constituencies other than the shareholders (i.e., effect on employees, corporate existence, corporate creditors, the community, etc.) and do not act in willful disregard of their duties to the shareholders or with a purpose, direct or indirect, to perpetuate themselves in office as directors of the corporation.

45. AMENDMENT OF BYLAWS.

(a) By Directors. The board of directors may make, alter, amend, change, add to or repeal these bylaws, or any provision thereof, at any time.

(b) By Shareholders. These bylaws may be amended, modified, altered, or repealed by the shareholders, in whole or in part, only at the annual meeting of shareholders or at the special meeting of shareholders called for such purpose, only upon the affirmative vote of the holders of at least a majority of the outstanding shares of stock of this corporation entitled to vote generally in the election of directors and represented in person or by proxy at a meeting at which a quorum is present.

Exhibit 10.1

March 2, 2012

Block Financial LLC
H&R Block, Inc.
One H&R Block Way
Kansas City, MO 64105

Re: First Amendment to Credit Agreement ("First Amendment")

Ladies/Gentlemen:

Please refer to the Credit and Guarantee Agreement dated as of March 4, 2010 (the " Credit Agreement") among Block Financial LLC (the "Borrower"), H&R Block, Inc. (the "Guarantor"), various financial institutions (the "Lenders") and Bank of America, N.A., as Administrative Agent. Capitalized terms used but not otherwise defined herein have the respective meanings assigned to them in the Credit Agreement.

The parties hereto agree as follows:

1. At the request of the Borrower and the Guarantor, the parties hereto agree that Section 6.01 of the Credit Agreement is amended by deleting the amount "$650,000,000" therein and substituting "$500,000,000" therefor.

2. This First Amendment shall become effective upon receipt by the Administrative Agent of counterparts hereof executed by the Required Lenders, the Borrower and the Guarantor.

3. To induce the Lenders to enter into this First Amendment, the Borrower and the Guarantor represent and warrant that (a) the execution, delivery and performance of this First Amendment have been duly authorized by all necessary corporate action on the part of such Credit Party; (b) this First Amendment has been duly executed and delivered by such Credit Party and constitutes a legal, valid and binding obligation of such Credit Party, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law; and (c) as of the date of this First Amendment, (i) the representations and warranties of the Credit Parties set forth in Article III of the Credit Agreement are true and correct in all material respects (except to the extent related to a specific earlier date) and (ii) no Default has occurred and is continuing.

4. Except as specifically set forth herein, the Credit Agreement shall remain in full force and effect and is hereby ratified in all respects. This First Amendment may be executed in counterparts and by the parties hereto on separate counterparts. A signature page hereto delivered by facsimile or in a pdf file shall be effective as delivery of an original counterpart.

5. The provisions of Sections 10.04 (*Expenses; Indemnity; Damage Waiver*), 10.11 (*Governing Law; Jurisdiction; Etc.*) and 10.12 (*Waiver of Jury Trial*) of the Credit Agreement are incorporated by reference into this First Amendment as if fully set forth herein, mutatis mutandis.

[Signature Pages Follow]

BANK OF AMERICA, N.A., as
Administrative Agent

By: /s/ Aamir Saleem
Name: Aamir Saleem
Title: Vice President

Signature Page to First Amendment
to H&R Block Credit Agreement

BANK OF AMERICA, N.A., as a Lender
and Swingline Lender

By: /s/ William Soo
Name: William Soo
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as a Lender

By: /s/ Reginald M. Goldsmith, III
Name: Reginald M. Goldsmith, III
Title: Managing Director

COMPASS BANK, as a Lender

By: /s/ Ramon Garcia

Name: Ramon Garcia
Title: Vice President

Signature Page to First Amendment
to Block Financial Credit Agreement

CREDIT AGRICOLE CORPORATE &
INVESTMENT BANK, as a Lender

By: /s/ Matthias Guillet
Name: Matthias Guillet
Title: Director

By: /s/ Mel Smith
Name: Mel Smith
Title: Vice President

Signature Page to First Amendment
to Block Financial Credit Agreement

DEUTSCHE BANK AG NEW YORK
BRANCH, as a Lender

By: /s/ Ming K. Chu
Name: Ming K. Chu
Title: Vice President

By: /s/ Heidi Sandquist
Name: Heidi Sandquist
Title: Director

SCOTIABANC INC., as a Lender

By: /s/ H. Thind
Name: H. Thind
Title: Director

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ David Schwartzbard
Name: David Schwartzbard
Title: Director

SUNTRUST BANK, as a Lender

By: /s/ David Bennett
Name: David Bennett
Title: Vice President

Signature Page to First Amendment
to Block Financial Credit Agreement

TORONTO DOMINION (NEW YORK)
LLC, as a Lender

By: /s/ Robyn Zeller
Name: Robyn Zeller
Title:

THE BANK OF TOKYO MITSUBISHI
UFJ, LTD., as a Lender

By: /s/ Thomas Danielson
Name: Thomas Danielson
Title: Authorized Signatory

Signature Page to First Amendment
to Block Financial Credit Agreement

CIBC INC., as a Lender

By: /s/ Dominic J. Sorresso

Name: Dominic J. Sorresso
Title: Executive Director

By: /s/ Eoin Roche

Name: Eoin Roche
Title: Executive Director

Signature Page to First Amendment to Block Financial Credit Agreement

COMERICA BANK, as a Lender

By: /s/ Mark J. Leveille

Name: Mark J. Leveille
Title: Vice President

U.S. BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Magnus McDowell
Name: Magnus McDowell
Title: Vice President

KEYBANK, NATIONAL ASSOCIATION,
as a Lender

By: /s/ Suzannah Valdivia
Name: Suzannah Valdivia
Title: Vice President

Signature Page to First Amendment
to Block Financial Credit Agreement

PNC BANK NATIONAL ASSOCIATION,
as a Lender

By: /s/ Jessica L. Fabrizi
Name: Jessica L. Fabrizi
Title: Vice President

ROYAL BANK OF CANADA,
as a Lender

By: /s/ Jennifer Lee-You
Name: Jennifer Lee-You
Title: Attorney In Fact

UBS LOAN FINANCE LLC, as a Lender

By: /s/ Mary E. Evans
Name: Mary E. Evans
Title: Associate Director

By: /s/ Irja R. Otsa
Name: Irja R. Otsa
Title: Associate Director

GOLDMAN SACHS BANK USA,
as a Lender

By: /s/ Michelle Latzoni

Name: Michelle Latzoni
Title: Authorized Signatory

BRANCH BANKING AND TRUST COMPANY, as a Lender

By: /s/ Roberts A. Bass

Name: Roberts A. Bass
Title: Senior Vice President

FIFTH THIRD BANK, as a Lender

By: /s/ Garland F. Robeson IV

Name: Garland F. Robeson IV
Title: Vice President

UMB BANK, N.A. as a Lender

By: /s/ Martin Nay
Name: Martin Nay
Title: Senior Vice President

THE BANK OF EAST ASIA, LIMITED,
NEW YORK BRANCH, as a Lender

By: /s/ James Hua
Name: James Hua
Title: Senior Vice President

By: /s/ Kitty Sin
Name: Kitty Sin
Title: Senior Vice President

COMMERCE BANK N.A., as a Lender

By: /s/ Angie Currie

Name: Angie Currie
Title: Officer

Signature Page to First Amendment
to Block Financial Credit Agreement

Agreed to and accepted as of the date first written above:

BLOCK FINANCIAL LLC

By: /s/ Vincent C. Clark
Name: Vincent C. Clark
Title: Vice President and Treasurer

H&R BLOCK, INC.

By: /s/ Vincent C. Clark
Name: Vincent C. Clark
Title: Vice President and Treasurer

Exhibit 10.2

INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is made and entered into this day of , 20 between H&R Block, Inc., a Missouri corporation (the "Company"), and ("Indemnitee"), a director and/or officer of the Company.

WHEREAS, Indemnitee serves on the Company's Board of Directors (the "Board") and/or is an officer of the Company, or has been nominated to serve on the Board or appointed to be an officer of the Company, and agrees, on the condition that Indemnitee be so indemnified, to continue to serve or to serve as a director or an officer of the Company and in such capacity will render services to the Company;

WHEREAS, the Company is aware that because of the increased exposure to litigation subjecting directors and officers to expensive litigation risks, talented and experienced persons are increasingly reluctant to serve or continue to serve as directors and/or officers of corporations unless they are appropriately indemnified;

WHEREAS, the Company is also aware that statutes and judicial decisions regarding the duties of directors and officers are often difficult to apply, ambiguous or conflicting and therefore fail to provide directors and officers with adequate guidance regarding the proper course of action;

WHEREAS, the Company desires to attract and retain the services of highly experienced and capable individuals, such as Indemnitee, to serve as directors and officers of the Company and to indemnify its directors and officers so as to provide them with the maximum protection permitted by law;

WHEREAS, the Company believes that it is reasonable, prudent, fair, proper and necessary to protect the Company's directors and officers from the risk of judgments, fines, settlements and other expenses that may occur as a result of their service to the Company;

WHEREAS, in recognition of Indemnitee's reliance on the provisions of the Bylaws of the Company that require or permit indemnification of Indemnitee to the fullest extent permitted by law, and in part to provide Indemnitee with specific contractual assurance that the protection under such Bylaws will be available to Indemnitee (regardless of, among other things, any amendment to or revocation of such Bylaws or any change in the composition of the Board or acquisition transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of, and the advancement of expenses to, Indemnitee to the fullest extent, whether partial or complete, permitted by law and as set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises contained herein, including Indemnitee's agreement to serve or continue to serve as a director or an officer, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Indemnitee, intending to be legally bound, hereby agree as follows:

SECTION 1. Definitions. For purposes of this Agreement, the following terms shall have the meanings set forth below:

(a) "Change of Control" shall be deemed to have occurred in any one of the following circumstances occurring after the date hereof: (i) there shall have occurred an event required to be reported with respect to the Company in response to Item 6(e) of Schedule 14A of Regulation 14A (or in response to any similar item or any similar schedule or form) under the Securities Exchange Act of 1934, as amended (the " Exchange Act"), regardless of whether the Company is then subject to such reporting requirement, (ii) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) shall have become the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company representing 15% or more of the combined voting power of the Company's then outstanding voting securities, (iii) the Company is a party to a merger, consolidation, sale of assets or other reorganization, or a proxy contest, as a consequence of which members of the Board in office immediately prior to such transaction or event constitute less than a majority of the Board thereafter, (iv) all or substantially all the assets of the Company are sold or disposed of in a transaction or series of related transactions, or (v) the individuals who on the date hereof constitute the Board (including, for this purpose, any new director whose election or nomination for election by the Company's shareholders was approved by a vote of at least two-thirds of the directors then still in office who were directors on the date hereof) cease for any reason to constitute at least a majority of the Board.

(b) "Enterprise" means any Person of which Indemnitee is or was a Fiduciary.

(c) "Expenses" means all direct and indirect costs (including, without limitation, reasonable attorneys' fees, retainers, court costs, transcripts, fees of experts, witness fees, travel expenses, appeal bonds, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or out-of-pocket expenses) actually and reasonably incurred in connection with (i) any Proceeding, (ii) establishing or enforcing any right to indemnification or advancement of expenses under this Agreement, applicable law, any other agreement, or any provision of the Company's Articles of Incorporation or Bylaws now or hereafter in effect or otherwise, or (iii) the review and preparation of this Agreement on behalf of Indemnitee; provided, however, that "Expenses" shall not include any Liabilities.

(d) "Fiduciary" means an individual serving as a director, officer, trustee, general partner, managing member, fiduciary, board of directors' committee member, employee or agent of (i) the Company, (ii) any resulting corporation in connection with a consolidation or merger to which the Company is a party, or (iii) any other Person (including an employee benefit plan) at the request of the Company, including any service with respect to an employee benefit plan, its participants or its beneficiaries.

(e) "Independent Counsel" means a law firm, or a member of a law firm, that is experienced in matters of corporate law and neither currently is, nor in the five years previous to its selection or appointment has been, retained to represent (i) the Company or Indemnitee in any matter material to either such party (other than as Independent Counsel with respect to matters concerning the rights of Indemnitee under this Agreement or of other indemnities under similar indemnification agreements) or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. For the avoidance of doubt, any law firm or member of a law firm that shall have advised either party with respect to the review and preparation of this Agreement shall not be Independent Counsel for the purposes of this Agreement.

(f) "Liabilities" means liabilities of any type whatsoever incurred by reason of (i) the fact that Indemnitee is or was a Fiduciary, or (ii) any action taken (or failure to act) by him or her or on his or her behalf in the capacity of Fiduciary, including, but not limited to, any judgments, fines (including any excise taxes assessed on Indemnitee with respect to an employee benefit plan), ERISA excise taxes and penalties, and penalties and amounts paid in settlement of any Proceeding (including all interest, assessments and other charges paid or payable in connection with or in respect of such judgments, fines, penalties or amounts paid in settlement).

(g) "Person" means any individual, corporation, partnership, joint venture, firm, association, limited liability company, trust, estate, governmental unit or other enterprise or entity.

(h) "Proceeding" means any threatened, pending or completed investigation, civil or criminal action, third-party action, derivative action, claim, suit, arbitration, counterclaim, cross claim, alternative dispute resolution mechanism, inquiry, administrative hearing or any other proceeding whether civil, criminal, administrative, legislative or investigative, including any appeal therefrom in which Indemnitee was involved, or threatened to be involved, as a party, witness or otherwise by reason of (i) the fact that Indemnitee is or was a Fiduciary, or (ii) any action taken (or failure to act) by him or her or on his or her behalf in the capacity of Fiduciary.

(i) "Subsidiary" means any Person of which a majority of the outstanding voting securities or other voting equity interests are owned, directly or indirectly by the Company.

SECTION 2. Services by Indemnitee. Indemnitee agrees to continue to serve, or to serve, as a director and/or officer of the Company at the will of the Company for so long as Indemnitee is duly elected and qualified, appointed or until such time as Indemnitee tenders a resignation in writing or is removed as a director and/or officer in accordance with the Missouri General and Business Corporation Law (the " MGBCL"), or the Company's Bylaws as amended from time to time;

provided, however, Indemnitee may at any time and for any reason resign from such position. However, this Agreement does not constitute either an employment contract or any commitment, express or implied, to cause Indemnitee to be appointed as an officer.

SECTION 3. Indemnification.

(a) Indemnification. Subject to the further provisions of this Agreement, the Company hereby agrees to and shall indemnify Indemnitee and hold him or her harmless from and against any and all Expenses and Liabilities incurred by Indemnitee or on Indemnitee's behalf, to the fullest extent permitted by applicable law in effect on the date hereof, and to such greater extent as applicable law may thereafter permit or authorize.

(b) Presumptions.

(i) Upon making any request for indemnification under this Agreement, Indemnitee shall be presumed to be entitled to such indemnification and, in connection with any determination with respect to entitlement to indemnification under Section 4(c) hereof, the Company shall have the burdens of coming forward with clear and convincing evidence and of persuasion to overcome that presumption in connection with the making by any Person of any determination contrary to that presumption. Neither the failure of any Person to have made such determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by any Person that Indemnitee has not met any applicable standard of conduct, shall be a defense to any such action by Indemnitee or create a presumption that Indemnitee has not met the applicable standard of conduct.

(ii) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of any Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of such Enterprise in the course of their duties, or on the advice of legal counsel for such Enterprise or on information or records given or reports made to such Enterprise by an independent certified public accountant or by an appraiser or other expert selected by such Enterprise. The provisions of this Section 3(b) shall not be deemed to be exclusive or to limit in any way the other circumstances in which Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(iii) If the Person empowered or selected under Section 4(c) hereof to determine whether Indemnitee is entitled to indemnification shall not have made a determination within ninety (90) calendar days after the final determination in the Proceeding, the requisite

determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (A) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (B) a prohibition of such indemnification under applicable law.

(iv) The knowledge and/or actions, or failure to act, of any other Fiduciary shall not be imputed to Indemnitee for purposes of determining any right to indemnification under this Agreement.

(c) Effect of Certain Proceedings. The termination of any Proceeding by judgment, order, settlement, conviction or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that Indemnitee did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, that Indemnitee had reason to believe his or her conduct was unlawful.

SECTION 4. Advance of Expenses; Indemnification Procedure.

(a) Notice by Indemnitee and Claim for Indemnification. Indemnitee shall, as promptly as reasonably practicable under the circumstances, notify the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or any other matter which may be subject to indemnification of Liabilities or advancement of Expenses covered by this Agreement; provided however, that any delay or failure to so notify the Company shall relieve the Company of its obligations hereunder only to the extent, if at all, that the Company is actually and materially prejudiced by reason of such delay or failure. Notice to the Company shall be directed to the corporate secretary of the Company, at the addresses shown on the signature page of this Agreement (or such other address as the Company shall designate in writing to Indemnitee) in accordance with Section 17 hereof. To obtain indemnification or advancement of Expenses under this Agreement, Indemnitee shall submit a written request therefor, which shall include a reasonably comprehensive accounting of amounts for which indemnification is being sought and shall refer to one or more of the provisions of this Agreement pursuant to which such claim is being made and may designate that payment be made to another Person on Indemnitee's behalf.

(b) Advancement of Expenses. The Company shall advance all Expenses incurred by Indemnitee or on Indemnitee's behalf, without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Indemnitee hereby undertakes to repay such amounts advanced unless Indemnitee is entitled to be indemnified by the Company. Any advance, and undertakings to repay pursuant to this Section,

shall be unsecured and interest free. The advances to be made hereunder shall be paid by the Company to Indemnitee within thirty (30) calendar days following delivery of any written request, from time to time, by Indemnitee to the Company. Advances payable hereunder shall include any and all reasonable Expenses incurred pursuing an action to enforce this right of advancement, including Expenses incurred preparing and forwarding any statements to the Company to support the advances claimed.

(c) Determination of Entitlement to Indemnification. A determination, if expressly required by applicable law, with respect to Indemnitee's entitlement to indemnification hereunder shall be made within ninety (90) calendar days after final determination in the Proceeding by (i) a majority vote of the Board who are not parties to the Proceeding in respect of which indemnification is sought by Indemnitee, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by Independent Counsel in a written opinion to the Board (a copy of which opinion shall be delivered to Indemnitee), or (iv) if so directed by the Board, by a vote of the shareholders; provided, however, that if there has been a Change of Control at or prior to the time of such notice by Indemnitee, Indemnitee's entitlement to indemnification shall be determined within the foregoing time period by Independent Counsel selected by Indemnitee, such determination to be set forth in a written opinion to the Board (a copy of which opinion shall be delivered to Indemnitee). The Company agrees to pay the reasonable fees of any Independent Counsel and to fully indemnify such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto. If, pursuant to the foregoing, it is determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made (net of all amounts, if any, previously advanced to Indemnitee or other Persons on Indemnitee's behalf) within thirty (30) calendar days from the date of notice to the Company of the determination. Indemnitee shall reasonably cooperate in the making of such determination, including providing upon reasonable advance request any documentation or information that is not privileged or otherwise protected from disclosure and that is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or expenses (including reasonable attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the Person making such determination shall be included as Expenses for the purposes of this Agreement. Nothing in this Section 4(c) shall be construed to limit or modify the presumptions in favor of Indemnitee set forth in Section 3(b).

(d) Notice to Insurers. If, at the time of the receipt of any notice of any Proceeding pursuant to Section 4(a) hereof, the Company has directors' and officers' liability insurance in effect, then the Company shall give prompt notice of the commencement of such Proceeding to the directors' and officers' liability insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or appropriate

action to cause such insurers to pay, on behalf of Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies. The failure or refusal of such insurers to pay any such amount shall not affect or impair the obligations of the Company under this Agreement.

(e) Control of Defense; Counsel Costs; Settlement . In connection with paying the Expenses of any Proceeding against Indemnitee under Section 4(b), the Company shall be entitled to elect to assume the defense of such Proceeding, with counsel approved by Indemnitee, which approval shall not be unreasonably withheld, by the delivery to Indemnitee of written notice of its election to do so. After delivery of such notice, approval of such counsel by Indemnitee and the retention of such counsel by the Company, the Company shall not be liable to Indemnitee under this Agreement for any fees of separate counsel subsequently incurred by Indemnitee with respect to the same Proceeding; provided, that (i) Indemnitee shall have the right to employ counsel in any such Proceeding at Indemnitee's expense; and provided, further (ii) if (A) the employment of counsel by Indemnitee has been authorized by the Company, (B) Indemnitee shall have reasonably concluded that there is an actual conflict of interest between the Company and Indemnitee in the conduct of any such defense, or (C) the Company shall not have employed counsel to assume the defense of such Proceeding within a reasonable period of time, then in any such event the reasonable fees and expenses of Indemnitee's counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any Proceeding brought in the name of or on behalf of the Company or as to which Indemnitee shall have made the conclusion provided for in (B) above, in which case Indemnitee shall have the right to employ counsel in such Proceeding and the reasonable fees and expenses of Indemnitee's counsel shall be at the expense of the Company. Notwithstanding the foregoing, if at any time the Company fails to pay any Expenses with respect to any Proceeding in accordance with Section 4(b) hereof, Indemnitee shall immediately be entitled to assume and control his own defense in such Proceeding with counsel of his own choice (by notice to the Company), and will have all rights to advancement of Expenses and indemnification of those Expenses hereunder. If two or more persons, including Indemnitee, may be entitled to indemnification from the Company as parties to any Proceeding, the Company may require Indemnitee to use the same legal counsel as the other parties. Indemnitee shall have the right to use separate legal counsel in the Proceeding, but the Company shall not be liable to Indemnitee under this Agreement for the fees and expenses of separate legal counsel incurred after the notice from the Company of the requirement to use the same legal counsel as the other parties, unless Indemnitee reasonably concludes that there may be a conflict of interest between Indemnitee and any of the other parties required by the Company to be so represented by the same legal counsel. The Company shall not settle any action or claim in any manner that would impose any limitation or unindemnified penalty on Indemnitee without Indemnitee's written consent, which consent shall not be unreasonably withheld.

(f) Compliance with Section 409A. Any reimbursement by the Company to Indemnitee under this Agreement must be made not later than December 31st of the year following the year in which Indemnitee incurs the Expense, and in no event will the amount of Expenses so reimbursed by the Company in one year affect the amount of Expenses eligible for reimbursement in another taxable year. Each payment or reimbursement made under the provisions of this Agreement is regarded as a separate payment and not one of a series of payments for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, including any proposed, temporary or final regulations, or any other guidance, promulgated with respect to the Section by the U.S. Department of Treasury or the Internal Revenue Service.

SECTION 5. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 4(c) of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses is not timely made pursuant to Section 4(b) hereof, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 4(c) hereof within ninety (90) calendar days after final determination in the Proceeding, or (iv) payment of indemnification is not made pursuant to Section 4(c) hereof within thirty (30) calendar days after the date of notice to the Company of the determination that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by a court of competent jurisdiction of his entitlement to such indemnification, advancement of Expenses, or to recover damages for breach of this Agreement. The Company shall not oppose Indemnitee's right to seek any such adjudication.

(b) In the event that a determination shall have been made pursuant to Section 4(c) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding commenced pursuant to this Section 5 shall be conducted in all respects as a de novo trial and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding commenced pursuant to this Section 5 the Company shall have the burdens of coming forward with clear and convincing evidence and of persuasion that Indemnitee is not entitled to indemnification, and the Company may not refer to or introduce into evidence any determination pursuant to Section 4(c) of this Agreement adverse to Indemnitee for any purpose. If a determination shall have been made pursuant to Section 4(c) hereof that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding commenced pursuant to this Section 5, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(c) In the event that Indemnitee, pursuant to this Section 5, seeks

a judicial adjudication to enforce Indemnitee's rights under, or to recover damages for breach of, this Agreement, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses actually and reasonably incurred by him or her in such judicial adjudication. If it shall be determined in said judicial adjudication that Indemnitee is entitled to receive part but not all of the indemnification sought, Indemnitee shall be entitled to recover from the Company, and shall be indemnified by the Company against, any and all Expenses reasonably incurred by Indemnitee in connection with such judicial adjudication.

(d) The Company shall be precluded from asserting in any judicial proceeding commenced pursuant to this Section 5 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court that the Company is bound by all the provisions of this Agreement.

SECTION 6. Nonexclusivity. The indemnification provided by this Agreement shall be in addition to any rights to which Indemnitee may be entitled under the Company's Articles of Incorporation, the Company's Bylaws, any agreement, any vote of shareholders or disinterested directors, the MGBCL or otherwise, both as to action in Indemnitee's official capacity and as to action in another capacity while holding such office.

SECTION 7. Partial Indemnification. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the Expenses or Liabilities actually or reasonably incurred by Indemnitee in investigation, defense, appeal or settlement of any Proceeding, but not, however, for the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion of such Expenses and Liabilities to which Indemnitee is entitled. Moreover, notwithstanding any other provision of this Agreement, in the event that Indemnitee has been successful on the merits or otherwise in defense of any or all claims for which indemnification is sought hereunder, Indemnitee shall be indemnified against all Expenses incurred in connection therewith.

SECTION 8. Mutual Acknowledgment. Both the Company and Indemnitee acknowledge that in certain instances, federal or state law or applicable public policy may prohibit the Company from advancing expenses or indemnifying Indemnitee under this Agreement or otherwise. Indemnitee understands and acknowledges that the Company may be required in the future to undertake with the Securities and Exchange Commission to submit the question of indemnification to a court in certain circumstances for a determination of the Company's right under public policy to indemnify Indemnitee. Any action taken pursuant to the terms of this Section 8 shall not constitute a breach of this Agreement.

SECTION 9. Directors' and Officers' Liability Insurance. The Company shall use commercially reasonable efforts to obtain and maintain on an ongoing basis a policy or policies of insurance on commercially reasonable terms with reputable insurance companies providing liability insurance for Fiduciaries,

including Indemnitee, in respect of acts or omissions occurring while serving in such capacity, and to ensure the Company's performance of its indemnification obligations under this Agreement, on terms with respect to coverage and amount (including with respect to the payment of Expenses). To the extent that the Company maintains a policy or policies of insurance pursuant to this Section 9, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any similarly situated Fiduciary under such policy or policies.

SECTION 10. Severability. If this Agreement or any portion hereof shall be invalidated or ruled to be unenforceable on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify Indemnitee to the fullest extent permitted by applicable law and the court is expressly requested and authorized to construe this Agreement in order, as closely as possible, to provide the benefits to Indemnitee intended by this Agreement.

SECTION 11. Duration of Agreement. The indemnification provided under this Agreement shall continue as to Indemnitee for any action taken or not taken while serving as a Fiduciary even though Indemnitee may have ceased to serve in such capacity at the time of any action or other covered proceeding.

SECTION 12. Exceptions. Any other provision herein to the contrary notwithstanding, the Company shall not be obligated pursuant to the terms of this Agreement to indemnify Indemnitee as follows:

(a) Excluded Acts. No indemnification shall be made for any acts or omissions or transactions if and to the extent that it shall be finally determined, that a director or officer may not be relieved of liability arising from any such acts or omissions or transactions under the MGBCL;

(b) Claims Initiated by Indemnitee. No indemnification or advance of Expenses to Indemnitee shall be made with respect to Proceedings or claims initiated or brought voluntarily by Indemnitee and not by way of defense or compulsory counterclaim, except with respect to such Proceedings brought to establish or enforce a right to indemnification or advancement of Expenses under this Agreement or any other statute or applicable law or otherwise as required under Section 351.355.3 of the MGBCL or any provision of the Articles of Incorporation or Bylaws of the Company, unless (i) the Board has approved the initiation or bringing of such Proceeding (or any part of any Proceeding) or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law;

(c) Lack of Good Faith. No indemnification shall be made to indemnify Indemnitee for any Expenses or Liabilities incurred by Indemnitee with respect to any Proceedings instituted by Indemnitee to enforce or interpret this Agreement, if it shall be determined by a final judgment or other final adjudication, not subject to further appeal or review, that each of the material assertions made by Indemnitee in such proceeding was not made in good faith or was frivolous;

(d) Insured Claims. No indemnification shall be made to indemnify Indemnitee for Expenses or Liabilities of any type whatsoever if, but only to the extent that, Indemnitee shall have actually received payment with respect to any such Expenses or Liabilities from an insurer under any policy of directors' and officers' liability insurance maintained by the Company, and any such payment shall not be recovered (in whole or in part) from Indemnitee by such insurer;

(e) Claims under Section 16(b) or Sarbanes Oxley Act. No indemnification shall be made under this Agreement for Expenses, Liabilities and the payment of profits arising from (i) the purchase and sale by Indemnitee of securities in violation of Section 16(b) of the Exchange Act or any similar state or local law with respect to the disgorgement of "short swing" profits or (ii) any reimbursement of the Company by Indemnitee of any bonus or other incentive-based or equity-based compensation or of any profits realized by Indemnitee from the sale of securities of the Company, as required in each case under the Exchange Act (including any such reimbursements that arise pursuant to Section 304 of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") from an accounting restatement by the Company, the payment to the Company of profits arising from the purchase, sale or other acquisition or transfer by Indemnitee of securities in violation of Section 306 of the Sarbanes-Oxley Act, or any similar mandatory clawback rules or regulations adopted pursuant to the Exchange Act or the Dodd-Frank Wall Street Reform and Consumer Protection Act, or by applicable stock exchanges.) or under any employee benefit plan of the Company or other compensatory agreement to which Indemnitee is a party; or

(f) Unauthorized Settlements. No indemnification shall be made under this Agreement for any amounts paid in settlement of any Proceedings covered hereby without the prior consent of the Company to such settlement, which consent shall not be unreasonably withheld;

provided, that nothing in this Section 12 shall be construed to limit or modify the presumptions in favor of Indemnitee set forth in Section 3(b).

SECTION 13. Effectiveness of Agreement. The indemnification permitted under the terms of certain provisions of this Agreement shall be effective as of the date first-above written and shall apply to acts or omissions of Indemnitee which occurred prior to such date if Indemnitee was a Fiduciary at the time such act or omission occurred.

SECTION 14. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, and all of which shall constitute one and the same agreement.

SECTION 15. Successors and Assigns.

(a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors, assigns, including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business and/or assets of the Company, spouses, heirs, and executors, administrators, personal and legal representatives. The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all or substantially all, or a substantial part of the business or assets of the Company, by written agreement in the form and substance satisfactory to Indemnitee, expressly to assume and agree to perform this Agreement in the manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(b) The right to indemnification and advancement of Expenses provided by this Agreement shall continue as to a person who has ceased to be a Fiduciary. If Indemnitee is deceased and would have been entitled to indemnification under any provision of this Agreement, when requested in writing by the spouse of Indemnitee, and/or Indemnitee's heirs, executors, administrators, legatees or assigns, the Company shall provide appropriate evidence of the Company's agreement set out herein.

SECTION 16. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both of the parties hereto. The observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively) by the party entitled to enforce such term only by a writing signed by the party against which such waiver is to be asserted. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions hereof (whether or not similar) nor shall such waiver constitute a continuing waiver.

SECTION 17. Notice. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed duly given (i) if delivered by hand or by courier and receipted for by the party addressee, on the date of such receipt, (ii) if mailed by domestic certified or registered mail with postage prepaid, on the third business day after the date postmarked or (iii) if sent by facsimile transmission and fax confirmation is received, on the next business day following the date on which such facsimile transmission was sent. Addresses for notice to either party are as shown on the signature page of this Agreement, and may be subsequently modified by written notice.

SECTION 18. Subrogation. In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall, at the Company's expense, execute all documents required and do all acts that may be necessary to secure such rights and to enable the Company effectively to bring suit to enforce such rights.

SECTION 19. Evidence of Coverage. Upon request by Indemnitee, the Company shall provide copies of any and all directors' and officers' liability insurance policies obtained and maintained in accordance with Section 9 of this Agreement. The Company shall promptly notify Indemnitee of any changes in the Company's directors' and officers' liability insurance coverage.

SECTION 20. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for herein is held by a court of competent jurisdiction to be unavailable to Indemnitee in whole or part, the parties agree that, in such event, the Company shall contribute to the payment of Indemnitee's Expenses and Liabilities in an amount that is just and equitable in the circumstances, taking into account, among other things, contributions by other directors and officers of the Company pursuant to indemnification agreements or otherwise. The Company and Indemnitee agree that, in the absence of personal enrichment of Indemnitee, or acts of intentional fraud or dishonest or criminal conduct on the part of Indemnitee, it would not be just and equitable for Indemnitee to contribute to the payment of Expenses and Liabilities arising out of a Proceeding in an amount greater than: (i) in a case where Indemnitee is a director of the Company or any of its subsidiaries but not an officer of either, the amount of fees paid to Indemnitee for serving as a director during the 12 months preceding the commencement of such Proceeding; or (ii) in a case where Indemnitee is a director of the Company or any of its subsidiaries and is an officer of either, the amount set forth in clause (i) plus 5 percent of the aggregate cash compensation paid to Indemnitee for serving as such officer(s) during the 12 months preceding the commencement of such Proceeding or (iii) in a case where Indemnitee is only an officer of the Company or any of its subsidiaries, 5 percent of the aggregate cash consideration paid to Indemnitee for serving as such officer(s) during the 12 months preceding the commencement of such Proceeding. The Company shall contribute to the payment of Expenses and Liabilities covered hereby to the extent not payable by Indemnitee pursuant to the contribution provisions set forth in the preceding sentence.

SECTION 21. No Duplication of Payments. The Company shall not be liable under this Agreement to make any payment in connection with any Expense or Liability of Indemnitee to the extent Indemnitee has otherwise actually received payment (under any insurance policy, Articles of Incorporation, Bylaws or otherwise) of the amounts otherwise indemnifiable hereunder. This Agreement shall supersede any prior indemnification agreement between Indemnitee and the Company.

SECTION 22. Specific Performance. The Company and Indemnitee recognize that if any provision of this Agreement is violated by the Company, Indemnitee may be without an adequate remedy at law. Accordingly, in the event of any such violation, Indemnitee shall be entitled, if Indemnitee so elects, to institute proceedings, either in law or at equity, to obtain damages, to enforce specific performance, to enjoin such violation, or to obtain any relief or any combination of the foregoing as Indemnitee may elect it to pursue.

SECTION 23. Representations of the Company. The Company represents and warrants to Indemnitee that neither the execution and delivery of this Agreement by the Company nor the consummation of the transactions set forth herein or contemplated hereby will conflict with or result in any violation of, or constitute a breach of, or a default under, the Articles of Incorporation or Bylaws of the Company, or under any contract, instrument, agreement, understanding, mortgage, indenture, lease, insurance policy, permit, concession, grant, franchise, license, judgment, order, decree, statute, law, ordinance, rule or regulation applicable to the Company.

SECTION 24. Governing Law. The parties agree that this Agreement shall be governed by, and construed and enforced in accordance with, the laws of the state of Missouri without application of the conflict of laws principles thereof.

SECTION 25. Consent to Jurisdiction. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction and venue of the courts of the state of Missouri for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement.

SECTION 26. Entire Agreement. This Agreement and the documents referred to herein constitute the entire agreement between the parties hereto with respect to the matters covered hereby, and any other prior or contemporaneous oral or written understandings or agreements with respect to the matters covered hereby are superseded by this Agreement.

[The remainder of this page is intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above-written.

H&R BLOCK, INC.
One H&R Block Way
Kansas City, MO 64105

By: _____
Name: _____
Title: _____
Attention: Corporate Secretary
Facsimile: 816-802-1043

AGREED TO AND ACCEPTED:

INDEMNITEE:

Name: _____
Address: _____
Facsimile: _____

Schedule of Parties to Indemnification Agreement

Richard K. Agar
Jeffrey T. Brown
Susan P. Ehrlich
Thomas A. Gerke
Robert J. Turtledove
Scott W. Andreasen
Colby R. Brown
Vincent C. Clark
Scott D. Austin
Philip L. Mazzini
Jason Houseworth

Exhibit 31.1

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William C. Cobb, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2012

/s/ William C. Cobb
William C. Cobb
President and Chief Executive Officer
H&R Block, Inc.

Exhibit 31.2

CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jeffrey T. Brown, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of H&R Block, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 7, 2012

/s/ Jeffrey T. Brown

Jeffrey T. Brown
Senior Vice President and Chief Financial Officer
H&R Block, Inc.

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the fiscal quarter ending January 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William C. Cobb, Chief Executive Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ William C. Cobb

William C. Cobb
President and Chief Executive Officer
H&R Block, Inc.
March 7, 2012

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of H&R Block, Inc. (the "Company") on Form 10-Q for the fiscal quarter ending January 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jeffrey T. Brown, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey T. Brown

Jeffrey T. Brown
Senior Vice President and
Chief Financial Officer
H&R Block, Inc.
March 7, 2012