

INVESTOR CONFERENCE

— 2016 —

**H&R
BLOCK**

A decorative graphic on the left side of the slide, composed of overlapping green triangles and squares in various shades of green, creating a jagged, geometric shape.

COLBY BROWN

Vice President, Investor Relations

Safe Harbor Statement

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "could" or "may" or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, income, earnings per share, cost savings, capital expenditures, dividends, share repurchases, liquidity, capital structure or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond the company's control, that are described in our Annual Report on Form 10-K for the fiscal year ended April 30, 2015 in the section entitled "Risk Factors" and additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. You may get such filings for free at our website at <http://investors.hrblock.com>. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

Non-GAAP Measures

We refer to certain Non-GAAP financial measures in this presentation. Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with GAAP. Because these measures are not measures of financial performance under GAAP and are susceptible to varying calculations, they may not be comparable to similarly titled measures for other companies. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with GAAP, please refer to our previously filed press releases posted on our investor relations website at <http://investors.hrblock.com>.

Market and Industry Data

The data included in this presentation regarding the tax preparation services industry, including trends in the market and the Company's position and the position of its competitors within this industry, are based on the Company's estimates, which have been derived from management's knowledge and experience in the industry, and information obtained from customers, trade and business organizations, internal research, publicly available information, industry publications and surveys and other contacts in the industry. The Company has also cited information compiled by industry publications, governmental agencies and publicly available sources. Although the Company believes these third-party sources to be reliable, it has not independently verified the data obtained from these sources and it cannot assure you of the accuracy or completeness of the data. Estimates of market size and relative positions in a market are difficult to develop and inherently uncertain and the Company cannot assure you that it is accurate. Accordingly, you should not place undue weight on the industry and market share data presented in this presentation.

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H&R Block
The Leader in Tax Preparation

BILL COBB
President & CEO

Today's Objectives

A Look Back at Our Transformation

Opportunities Going Forward

Continue Driving Value For
Shareholders

H&R
BLOCK®

Today's Presenters

H&R
BLOCK



Kathy Pickering

Vice President, Regulatory Affairs



Laura Scobie

Vice President, Client Insights



Jason Houseworth

President U.S. Tax Product Strategy
& Development



Mark Ciaramitaro

Vice President, Taxes and Healthcare Services



Greg Macfarlane

Chief Financial Officer

What I'll Cover



A Look Back



Industry
Issues



Who We Are
Today & Our
Positioning for
the Future



A Look Back

A Look Back

A Company
in Turmoil

Lagging
Results

“Financial
Supermarket”

Unsure of what we wanted to be
... and who our clients were

Leadership Challenges

- Activist involvement
- Revolving leadership
 - Four CEOs from 2007 - April 2011



Why I Took the CEO Job

H&R
BLOCK

Great Company



Great Products



Great People



The Need For Focus

A photograph of two hands reaching towards each other in a field of yellow flowers. The hands are positioned as if about to clasp or support each other. The background shows a vast field of yellow flowers under a clear sky, with distant hills and palm trees visible on the left.

- Core tax business
- Sustainably growing the top line
- Improving margins

Exiting Non-Core Businesses



RSM! McGladrey



Innovated With Tax Plus Strategy



BEFORE
THE TAX EVENT

EMERALD ADVANCE

Line of credit



DURING
THE TAX EVENT

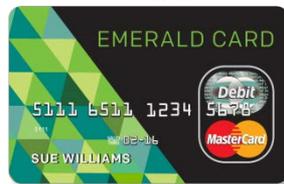
REFUND TRANSFER

Fees from refund



EMERALD CARD

Reloadable debit
card



Year-round

AFTER
THE TAX EVENT

PEACE OF MIND

Audit rep,
covers additional tax if
HRB error



Tax ID Shield

Tax identity theft
services



Year-round

The only company with a suite of products like this

Tax Plus Strategy Has Generated...

\$1.2 billion
of product revenue

11% growth over 3 years

Stable Leadership

- Executed our strategy
- Continuity of leadership
- Multiple tax seasons with proven results



- Final step in transformation back to a **focused tax company**
- **More value for shareholders** through new capital structure
- **Freedom** to make decisions

A History of Returning Capital to Shareholders

213th

consecutive quarterly
dividend

33%

dividend increase

Capital Structure

- **\$3.5B share repurchase** program through June 2019
- **\$1.5B Tender Offer** - **40.5M shares** at **\$37 per share**
- **Upsized line of credit** from **\$1.5B to \$2B**
- **Issued \$1B** of new **long-term debt**



Since May 2011...

H&R
BLOCK

Repurchased 76.4 million shares

That's 25% of outstanding shares,
average price of \$26.38 per share

**We Did
What We Said We Would Do**



**H&R
BLOCK®**

A photograph of a building facade with a prominent green sign. The sign is rectangular with a black border and is mounted on the wall. The text 'H&R BLOCK' is written in white, bold, sans-serif font. The background of the sign is a vibrant green. The building is light-colored with dark window frames. The sky is blue with white clouds. In the bottom right corner, a portion of a classical building with a dome is visible.

A Transformed Company

2007

Mortgage

Tax
Preparation

RSM

Option One

Bank

Non-Core Add-
ons

Broker Dealer

Consulting

Today

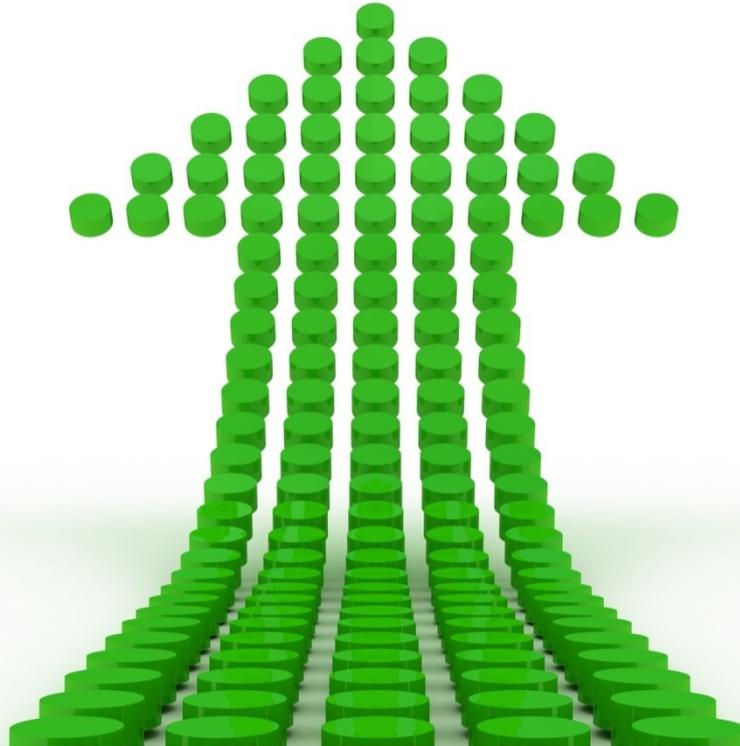
Tax
Preparation

- Assisted
- Online
- Mobile
- Desktop
- International

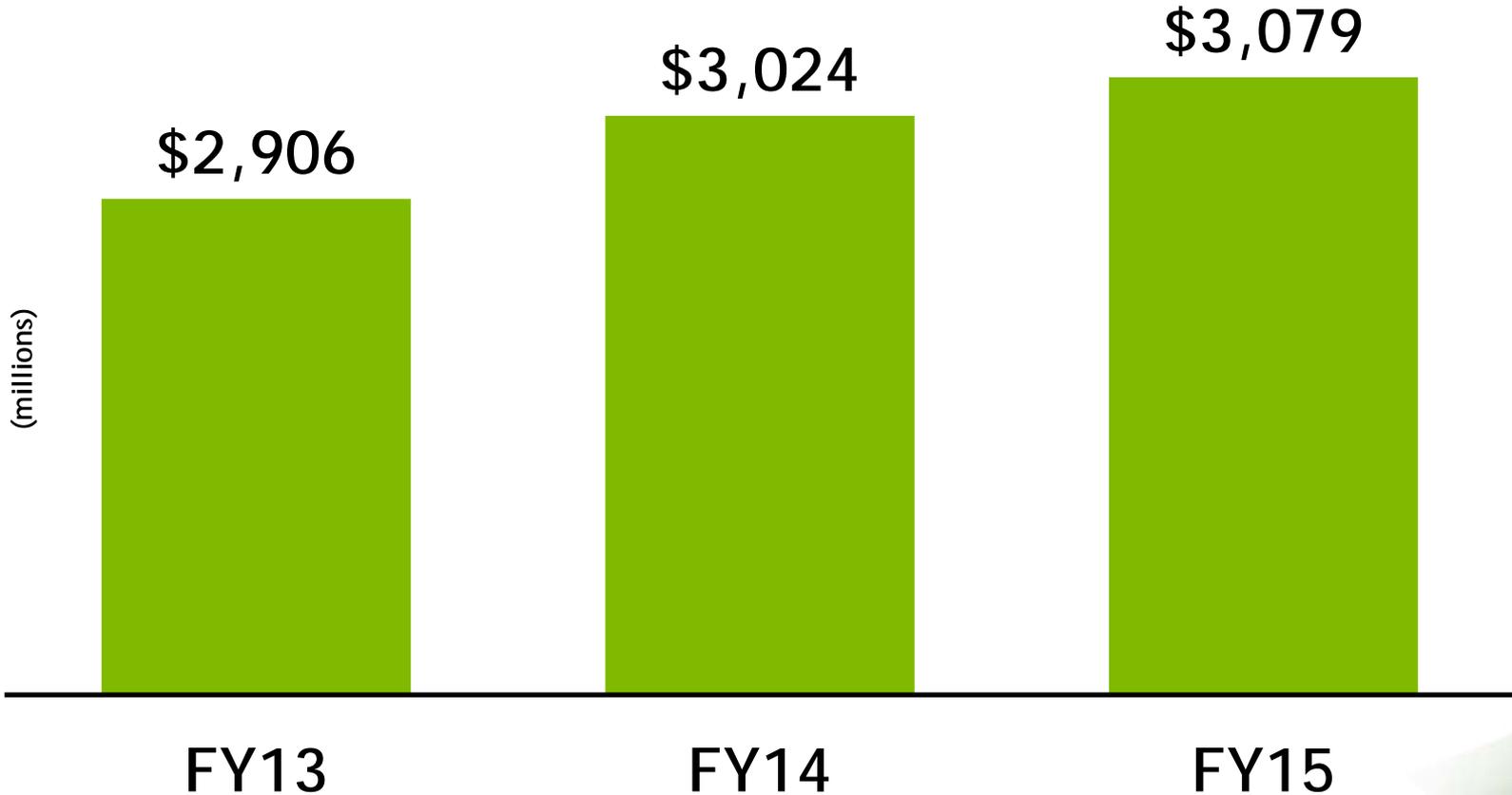
Tax Plus
Products

- Emerald Card
- Refund Transfers
- Emerald Advance
- Peace of Mind
- Tax Identity Shield

...and Our Business Results?



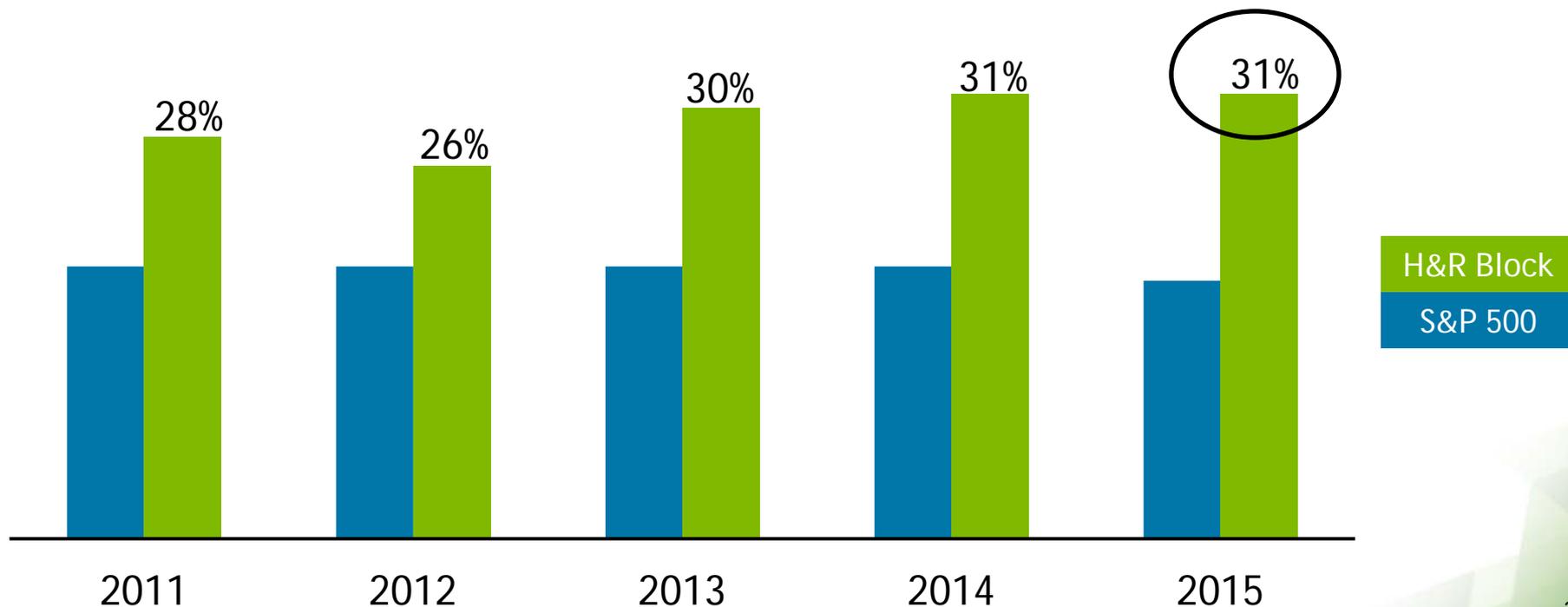
Revenue Has Grown Three Straight Years



Profitability Has Dramatically Increased

H&R
BLOCK

- EBITDA increased **\$136 million** since FY11
- EBITDA margin **up 5 points** since FY12



Note: EBITDA (earning before interest, taxes, depreciation, and amortization) is a non-GAAP financial measure. Please refer to our Dec 7, 2015 earning release for more specific information.

Digital



- Revenue growth outpacing industry
- Consumer awareness has increased 16 pts to 67% since 2010



International

\$239M of FY15
revenue

H&R
BLOCK

Canada

- 10% Market Share
- +13% Revenue¹
Growth in FY15

Australia

- 6% Market Share
- +5% Revenue¹
Growth in FY15

New Markets

- India and U.S. Expat Tax Services

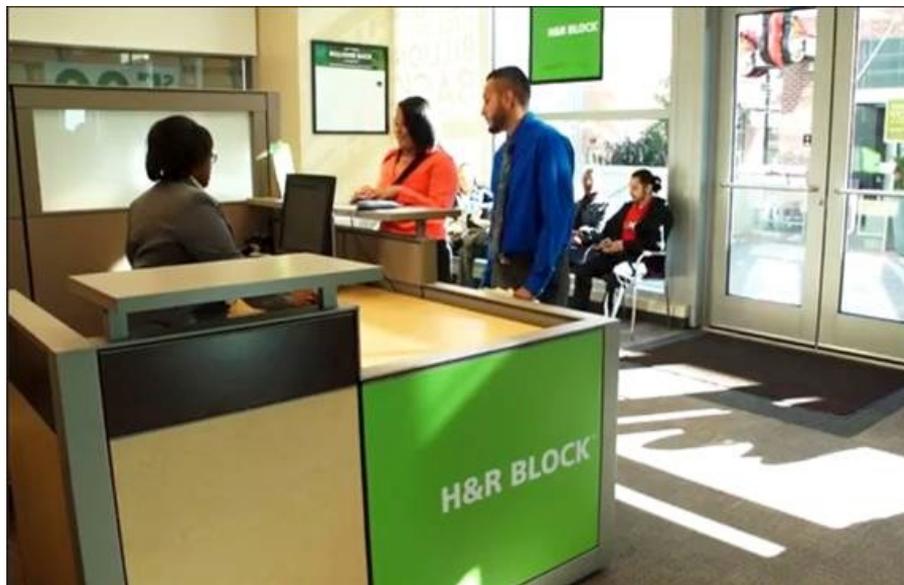


¹In local currency. USD results impacted by foreign currency translation impacts. Canada includes tax prep fees for returns prepared through May 5, 2015 due to the extension of the Canadian tax season.

Invested Back Into the Business

H&R
BLOCK

Continued enhancements of our retail stores



Inside

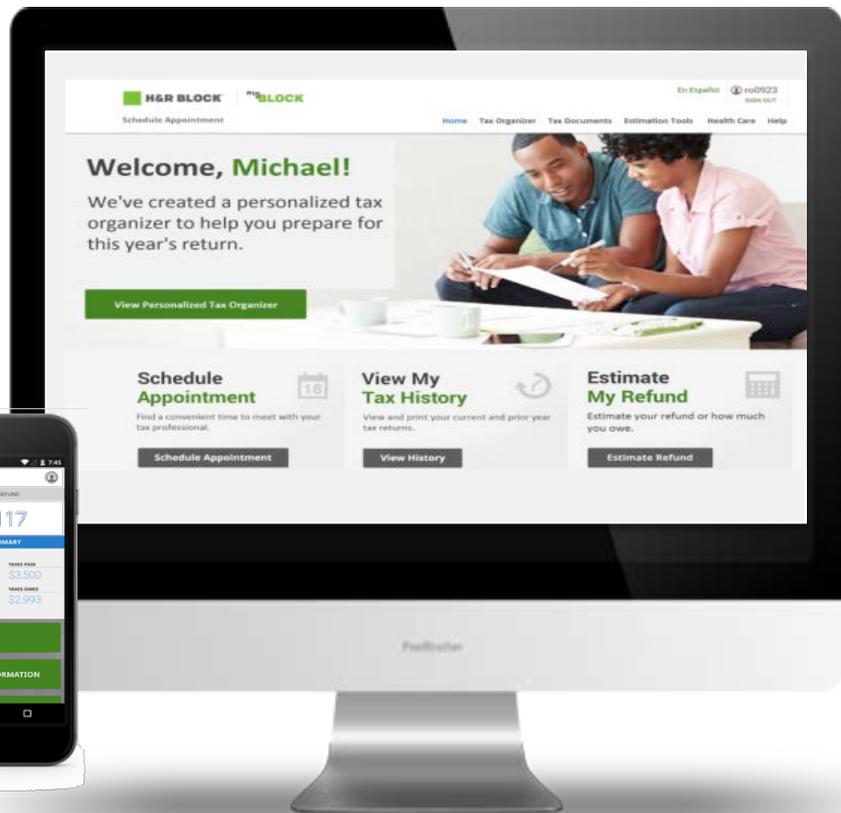


Outside

Technology Investments



my **BLOCK**™



BLOCKWORKS
PROFESSIONAL TAX SOFTWARE



Bought Franchise & Independent Locations

H&R
BLOCK



The Market Has Responded



**We're Committed
to Leading This Industry**



**H&R
BLOCK®**

A photograph of a building facade with a prominent green sign. The sign is rectangular with a black border and features the H&R BLOCK logo in white, bold, sans-serif font. The building is light-colored with dark window frames and a balcony with a black railing. The sky is blue with white clouds. In the bottom right corner, a portion of a classical building with a dome is visible.

Industry Issues

TAX FRAUD

Form **1120-W**
(WORKSHEET)

Department of the Treasury
Internal Revenue Service

Estimated Tax for

For calendar year 2013, or tax year beginning
▶ Information about Form 1120-W and its separate
(Keep for the corporation's records—Do not

Estimated Tax Computation

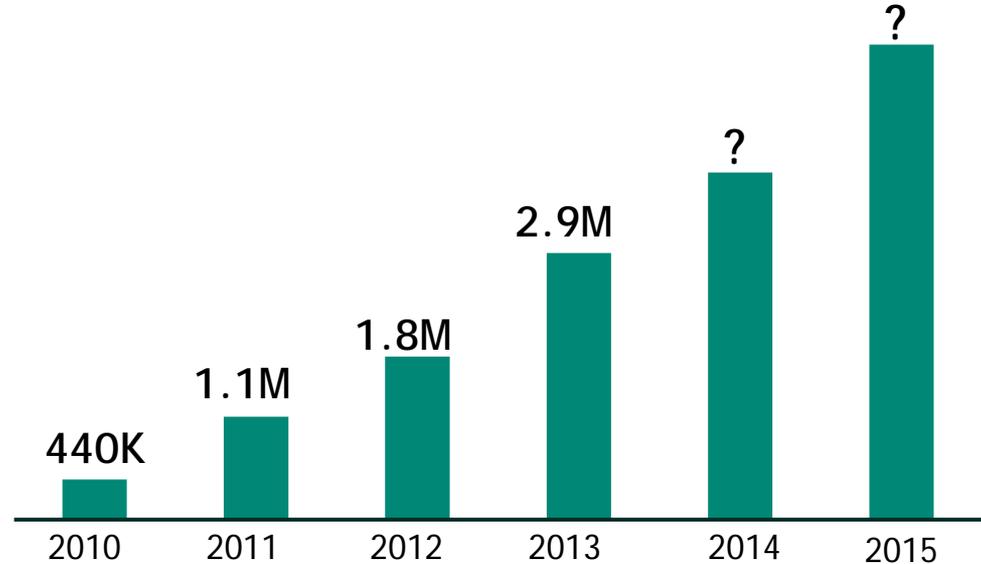
- 1 Taxable income expected for the tax year
Qualified personal service corporations (defined in the instructions) to line 14. Members of a controlled group, see instructions
- 2 Enter the **smaller** of line 1 or \$50,000
- 3 Multiply line 2 by 15%
Subtract line 3 from line 1
If line 1 is greater than \$100,000, enter the smaller of line 4 or \$25,000
If line 1 is greater than \$15 million, enter the smaller of line 7 or \$9,925,000
If line 1 is greater than \$100,000, enter the smaller of line 8 from line 7 or 34%
If line 10 by 35%
If line 1 is greater than \$100,000, enter the smaller of line 11 or \$11,750. Otherwise, enter -0-
If line 1 is greater than \$15 million, enter the smaller of line 12 or \$100,000. Otherwise, enter -0-
- 14 Add lines 3, 6, 9, and 11 through 13. (Qualified personal service corporations only)
- 15 Alternative minimum tax (see instructions)
- 16 Total. Add lines 14 and 15.

Stolen Identity Refund Fraud

SIRF reached alarming levels in 2015 tax season



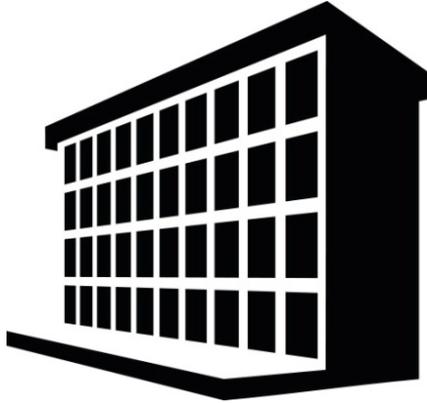
Federal Tax ID Theft Cases



Threatens taxpayer confidence in the system

Dealing With Fraud

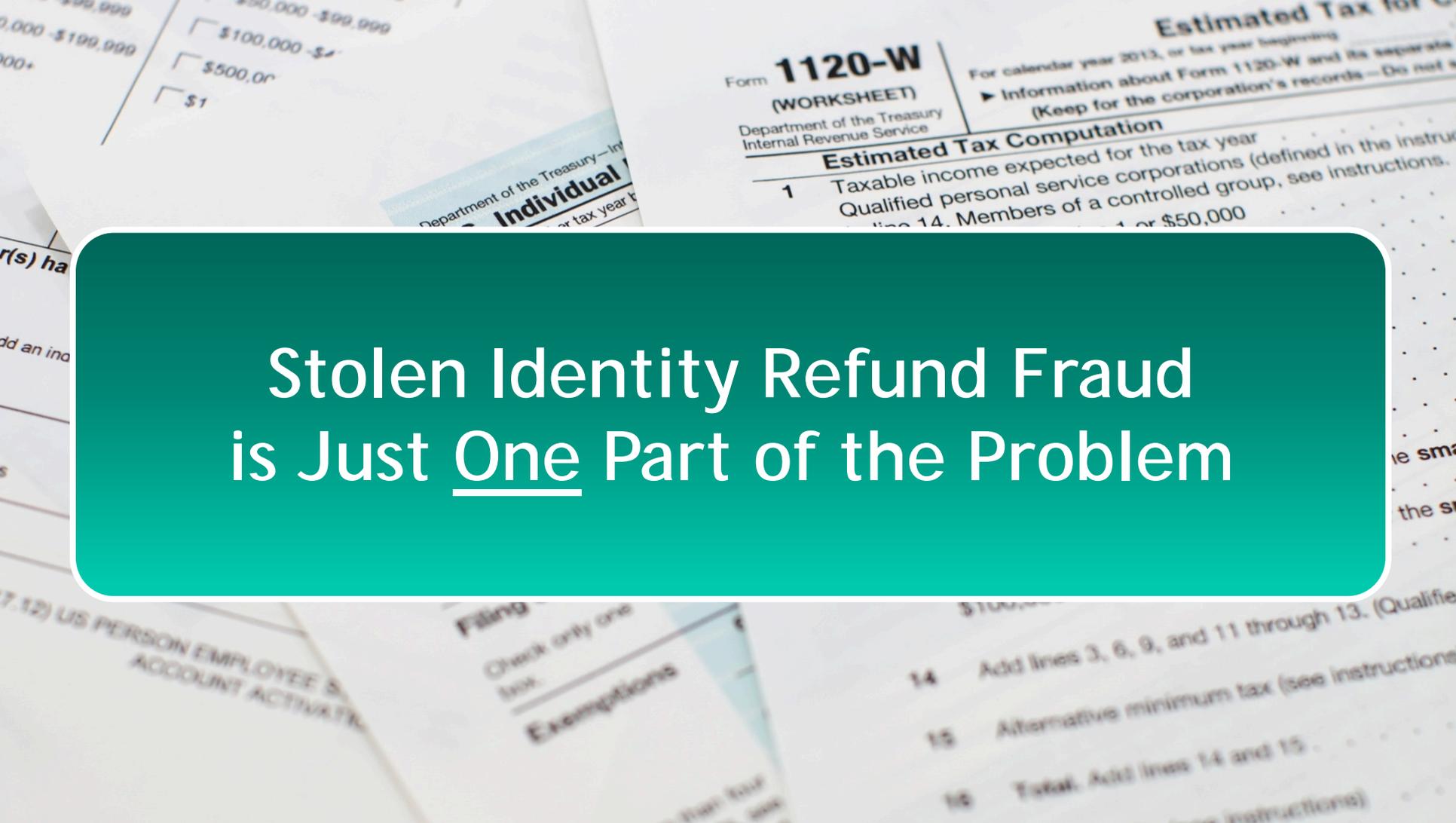
Public-Private Partnership



Federal Government

Industry

State Tax Authorities



Stolen Identity Refund Fraud
is Just One Part of the Problem

EITC Fraud & Improper Payments



- DIY filers don't have to answer the same eligibility questions
- Migration from assisted to digital primarily due to fraud
- Excluding fraud, percentage of assisted filers may have grown¹

¹Source: H&R Block estimates

Lack of Return Preparer Minimum Standards



Unscrupulous
preparers



All 50 states set
standards for barbers



Only 4 states have
preparer standards

That Makes No Sense

We Need...

Mandatory Testing, Continuing
Education & Background Checks
for All Paid Return Preparers

The Industry Leader in Fighting Fraud



“...we urge Congress to listen to consumers and move to enact minimum standards for return preparers and implement consistent anti-fraud measures for all taxpayers...”

- Bill Cobb, April 8, 2014, testimony before the Senate Finance Committee

“...we must come together as an industry, with government, to make the system safer for consumers and stop the billions of fraudulent refunds that are issued every year.”

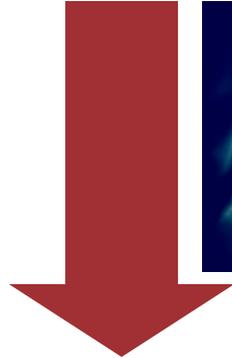
- Bill Cobb, Feb. 17, 2015, New York Times

Why We Continue Talking About Fraud

Level Playing
Field

Reduce
Fraud

Better Protect
Consumers



Complexity and Tax Reform

Candidates Air Sharp Differences on Taxes

- Politico



Complexity and Tax Reform

Public Policies
Administered
Through the Tax
Code

Complexity
Impacts Us Too

We Follow the
Law... Must Train
80,000 Tax Pros
Every Year





TAXES

INSURANCE

H&R
BLOCK®

HEALTH

A magnifying glass with a black frame is positioned over a document. The text "AFFORDABLE CARE ACT (ACA)" is printed in bold, black, sans-serif capital letters and is the central focus of the magnifying glass. The background is a blurred office setting with a white telephone and a pen visible.

AFFORDABLE CARE ACT (ACA)

- Over 3 million ACA clients served last season
- Millions enrolled through the exchanges
- ACA opportunity will take several years to unfold

Enduring Taxpayer Truths

H&R
BLOCK

Pay Only What
They Owe

Want Maximum
Refund

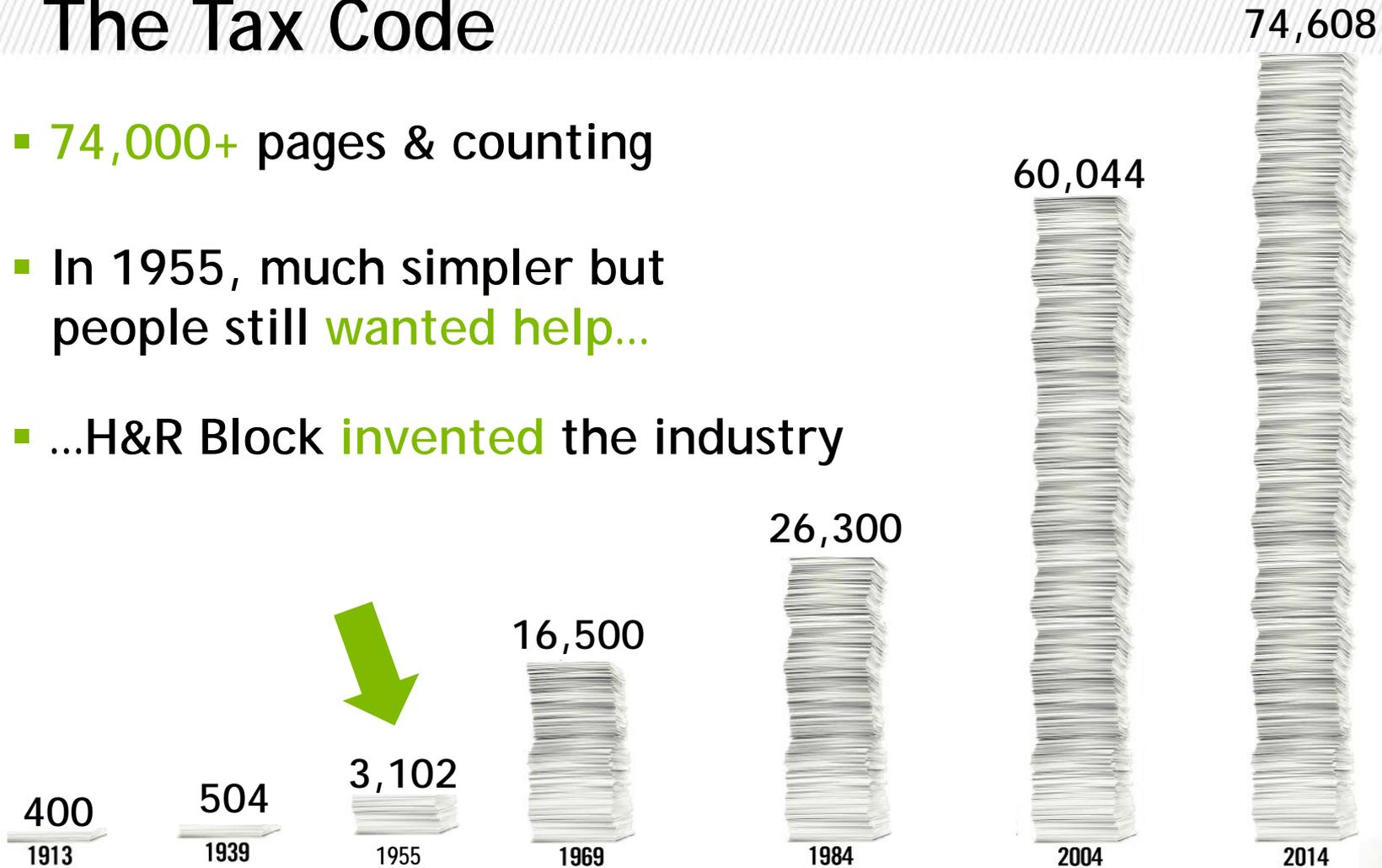
Want Accurate
Tax Return

Minimize
Stress of Filing



The Tax Code

- 74,000+ pages & counting
- In 1955, much simpler but people still **wanted help...**
- ...H&R Block **invented** the industry





People Want Help



We Serve the Entire Category



To This Point...





The Future

The Tax Preparation Industry Is...



Steady and...

Not very exciting to some...

Challenges Of...

- Implementing complex new tax laws
- Tackling issues affecting millions of Americans
- Navigating the assisted and DIY categories



Challenges
translate into
opportunities



Opportunity in the Tax Preparation Industry

A man in a white shirt stands with his back to the camera, arms raised in a gesture of triumph or hope. He is standing in a grassy field, looking out over a landscape of rolling hills and trees under a bright, golden sunset sky. The sun is low on the horizon, creating a strong glow and long shadows.

- 135 million returns filed in tax season...and counting
- No one better able to help

H&R Block is the Clear
Industry Leader

BRAND AWARENESS



SCALE



TAX PROFESSIONALS



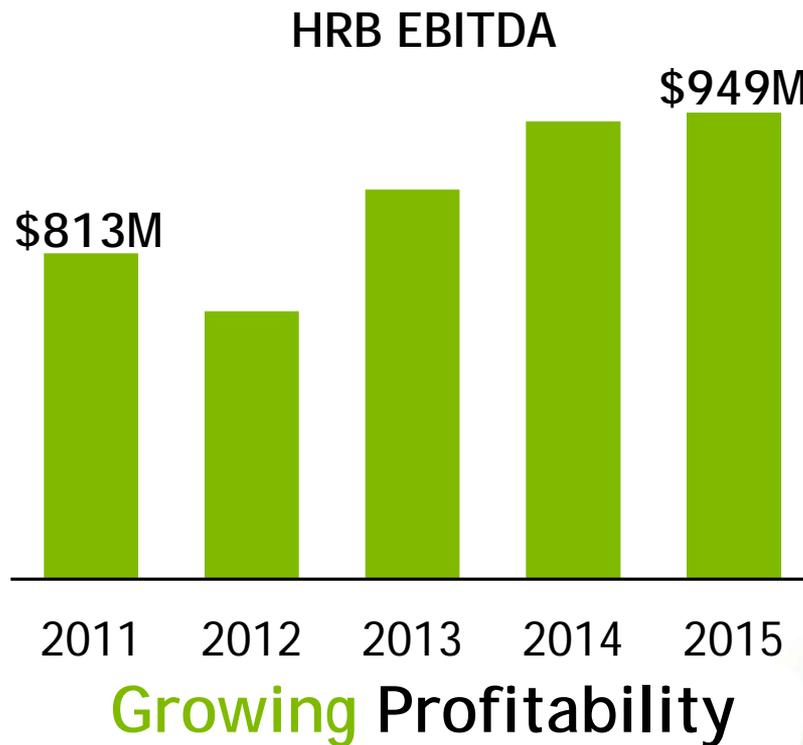
INNOVATION



Growth Potential & Stability



Over **\$3 Billion**
in Annual Revenue



Growth Potential & Stability



Return on Invested Capital
Nearing Top Decile
of S&P 500¹



Proven Record of
Returning Capital
to Shareholders

¹Source: FactSet, H&R Block internal calculation



There's
ROOM TO RUN



In Assisted, We're Bringing New Ideas

Better Align
Services to
Dynamics of the
Tax Season

Meet Challenge
of Growing
Early Season
Clients

Serve Clients
With More
Sophisticated Tax
Situations

In Digital

H&R
BLOCK

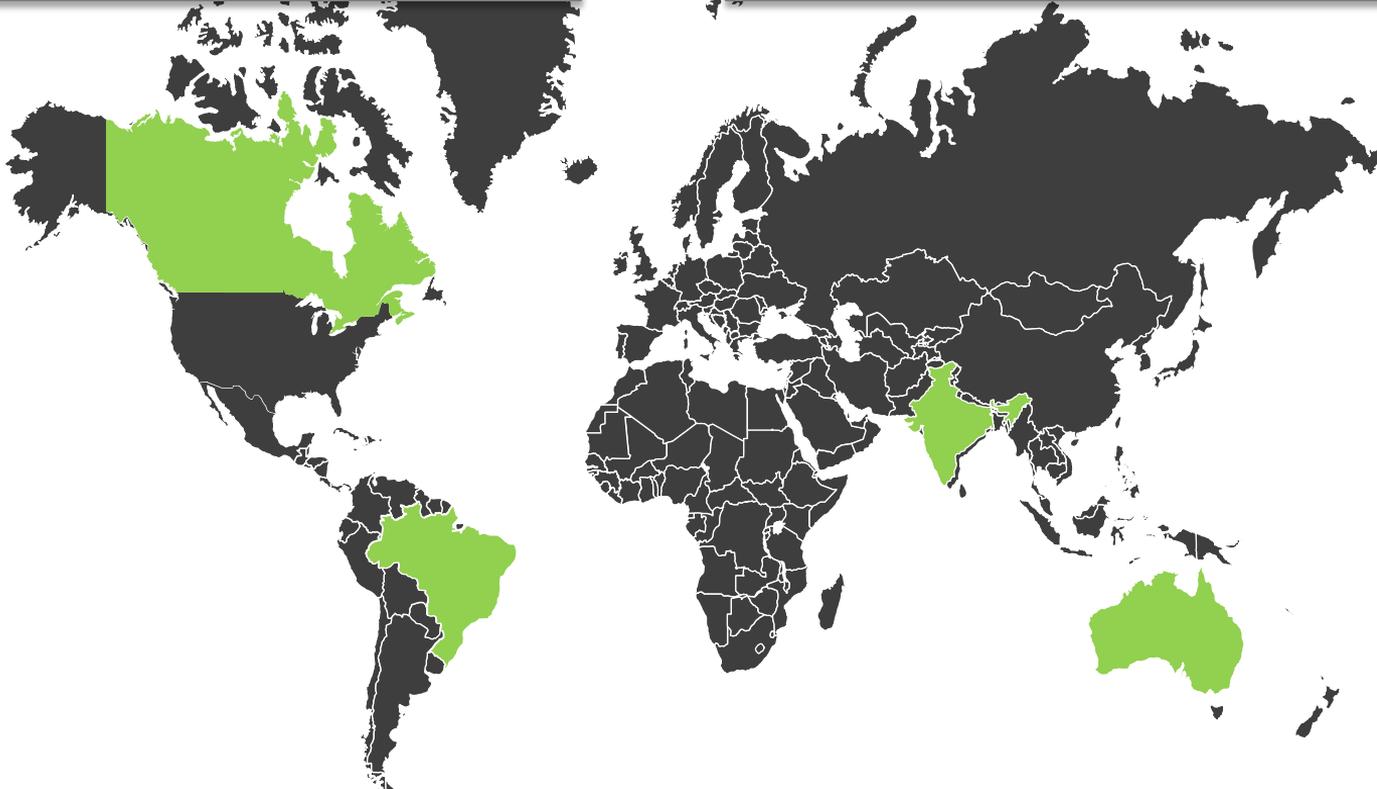


Growing Revenue & Awareness
of Our DIY Products

In International

Fast Growing Business

Exciting Opportunities in
India and Expat Services

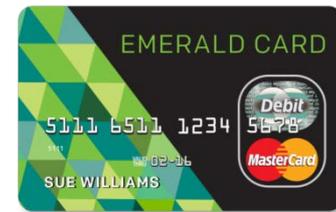


Tax Plus Products

H&R
BLOCK



TAX
IDENTITY
SHIELDSM
BY H&R BLOCK[®]



Continuing to Meet **Growing Needs**
of Our Clients

In Conclusion...

**Excited to be in
This Industry**

**Continuing to
Lead**

**H&R
BLOCK**
**H&R Block is a
Great Investment**

A decorative graphic on the left side of the slide, composed of overlapping green triangles and squares in various shades of green, creating a geometric, abstract pattern.

Fraud's Impact on the Tax Preparation Industry and the Way Forward

KATHY PICKERING

Vice President, Regulatory Affairs &
Executive Director of the Tax Institute

The Impact of Fraud & the Lack of Standards



EITC
Improper Payments

SAVE FOR A RAINY DAY?

Think about it. If you're a low-income worker, you'll get hundreds, or even thousands back from the IRS when they file their taxes and claim the credit. Is there some money waiting for you?

Life's a little easier with 

The image shows a green background with falling coins and a hand holding a dollar bill. The text is white and green.



Return Preparer Standards

The image shows a hand typing on a keyboard with a green tint.



Stolen Identity Refund Fraud

The image shows a blue background with a padlock and a credit card.

Two Key Themes

Lack of Consistent
Standards

Anonymity
of DIY

Opens the Door to Tax Refund Fraud

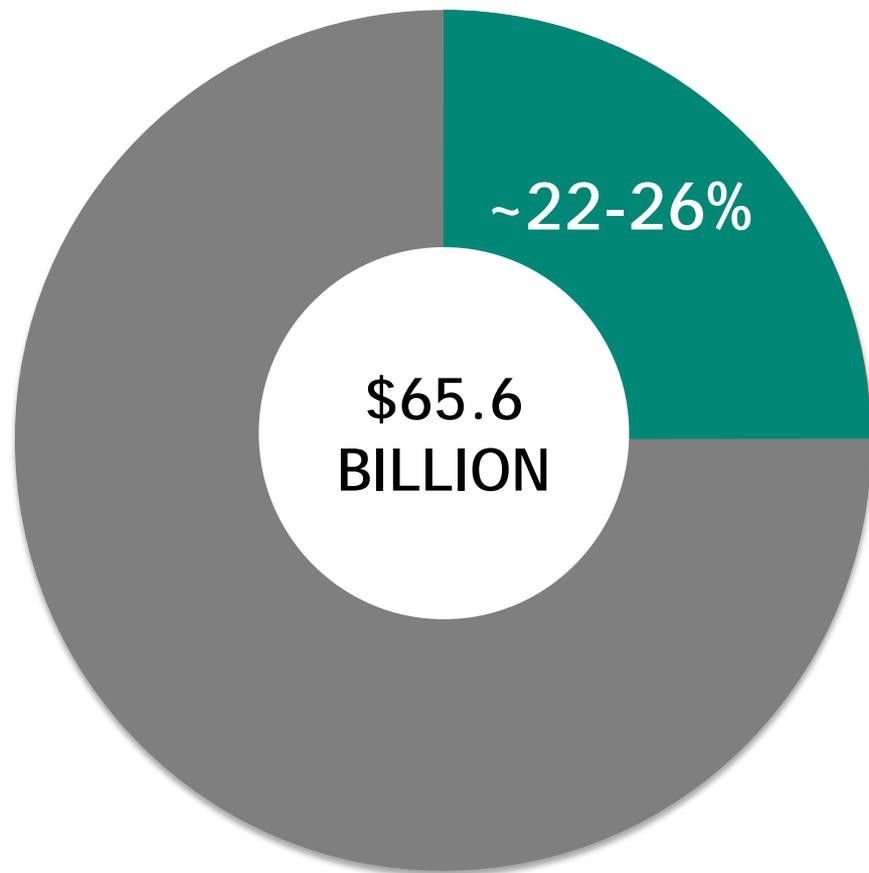
Why Should You Care?

- Solutions being implemented for upcoming tax seasons
- Will impact the industry...
...especially our competitors

The Amount of Fraud & Dollars Represented are Staggering...



EITC Improper Payments



EITC IMPROPER PAYMENTS
Worst among all federal
programs

Unique Insight on Competency



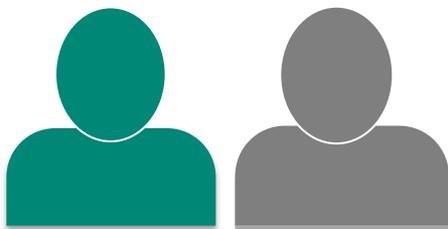
Potential Acquisitions Must Meet Block's Criteria

- ✓ Number of Returns
- ✓ Professional Appearance
- ✓ Computer Systems

**H&R Block Reviews Actual Tax Returns
According to Our Standards to Assess Quality**

Return Preparer Standards

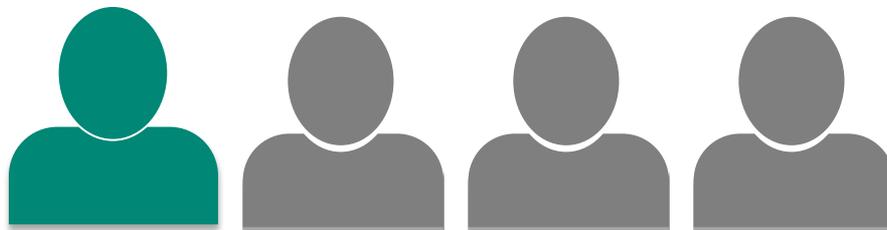
The Results Are Shocking



1 in 2

Prospects has

Non-Compliance Issues

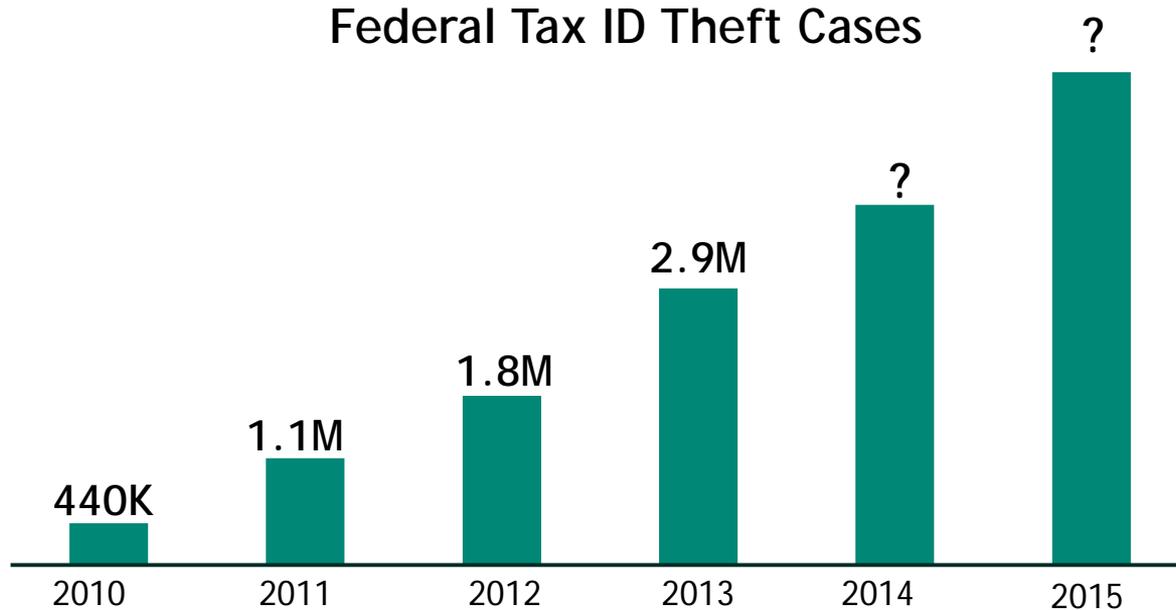


1 in 4

Committing Fraud

Stolen Identity Refund Fraud

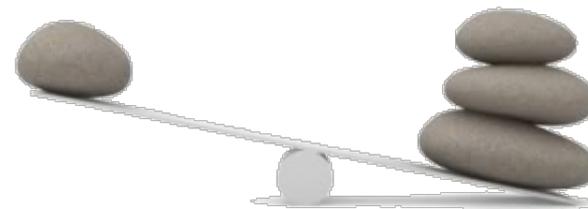
Problem Growing Worse



Why is the Stolen Identity Refund Fraud (SIRF) Problem Getting Worse?

Stolen Identity Refund Fraud

- Fraud is reaching a “tipping point”
- Must be addressed effectively...
- ...or else it puts the entire tax administration process at risk



H&R Block is leading the way forward for the industry

The Impact of Fraud & the Lack of Standards



EITC
Improper
Payments

SAVE FOR A RAINY DAY?

Think about it. Every year, the IRS estimates that about 10 million people will get hundreds, or even thousands back from the IRS when they file their taxes and claim the credit. Is there some money waiting for you?

Life's a little easier with 

The image shows a green background with a hand pouring coins from a rolled-up \$100 bill. The text is overlaid on this image.



Return
Preparer
Standards

The image shows a close-up of a hand typing on a laptop keyboard with a green tint.



Stolen
Identity
Refund Fraud

The image shows a close-up of a credit card with a padlock over it, symbolizing security and fraud.

EITC Overview

Anti-Poverty Program for Working Families



EITC Eligibility



- Children must live with taxpayer for at least 6 months
- Taxpayer must have earned income
- Blended family complexity

What is an Improper Payment?



Right Household,
Wrong Person



Lack of Documentation



Actual Fraud

EITC Fraud and Improper Payments

- In Tax Season 2015:
 - ~22% to ~26% of EITC payments were improper
 - That amounts to \$14-17 billion
- There is a history here...
 - Between years 2012 - 2015, Treasury estimated a total of ~\$60 billion in fraud and improper payments

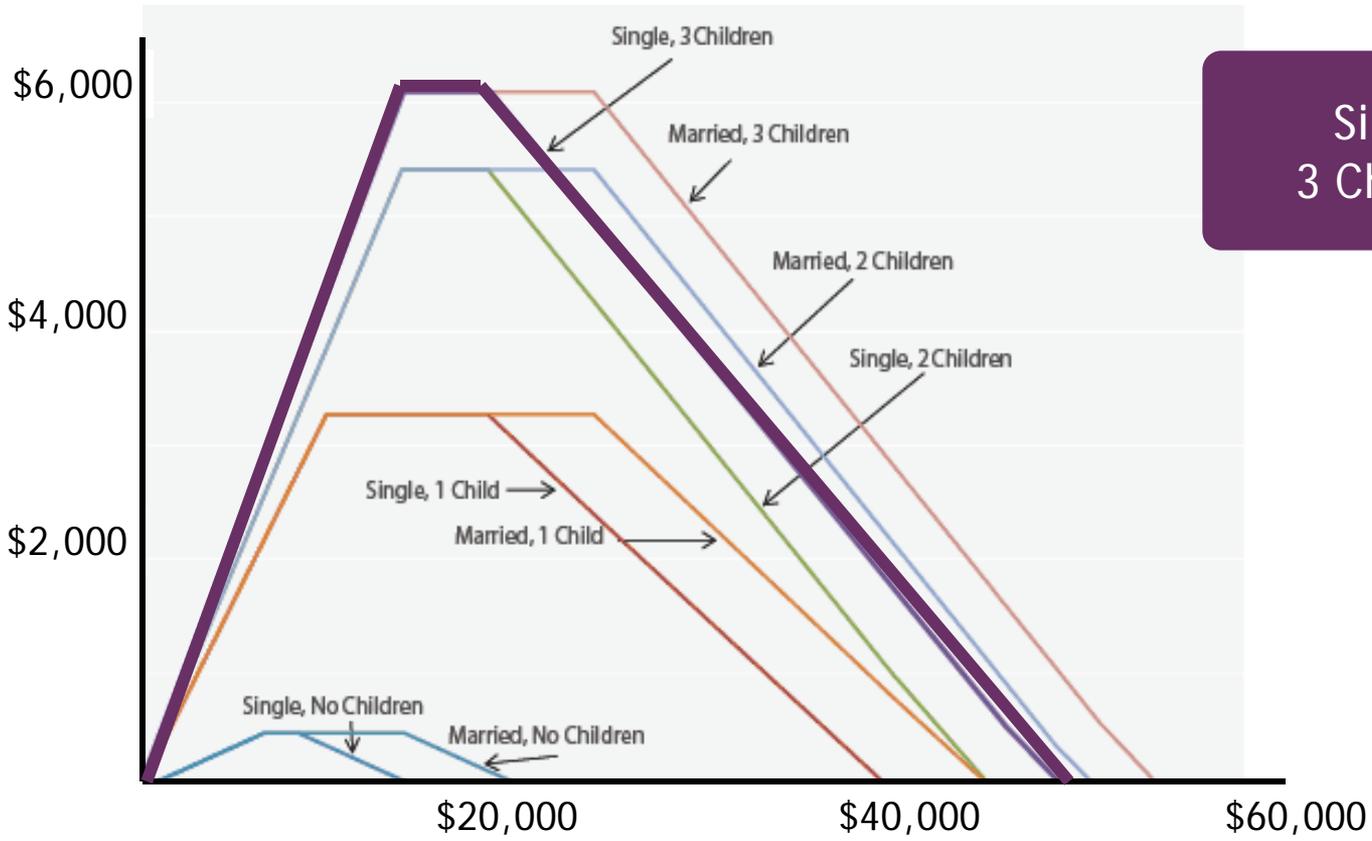
Driving Change to Reduce Fraud

We Need Practical Measures
to Reduce Fraud



Protect the Program for Those
it was Meant to Benefit

EITC by Number of Children & Filing Status



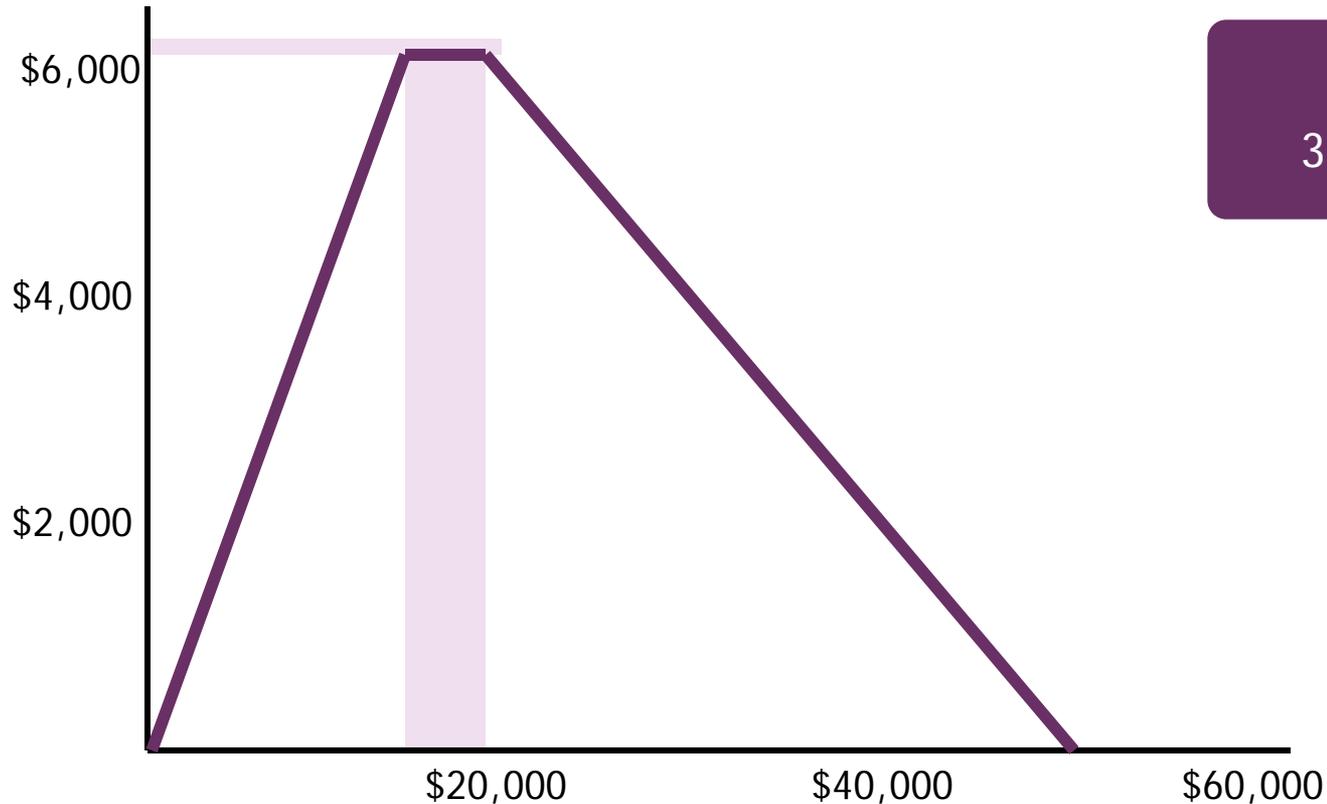
Single,
3 Children

Credit
Amount

Income

Source: 2014 EITC parameters taken from <http://www.taxpolicycenter.org/taxfacts/displayafact.cfm?Docid=36>

EITC by Number of Children & Filing Status



Single,
3 Children

Credit
Amount

Income

Market Shift Resulting From Inconsistent Standards

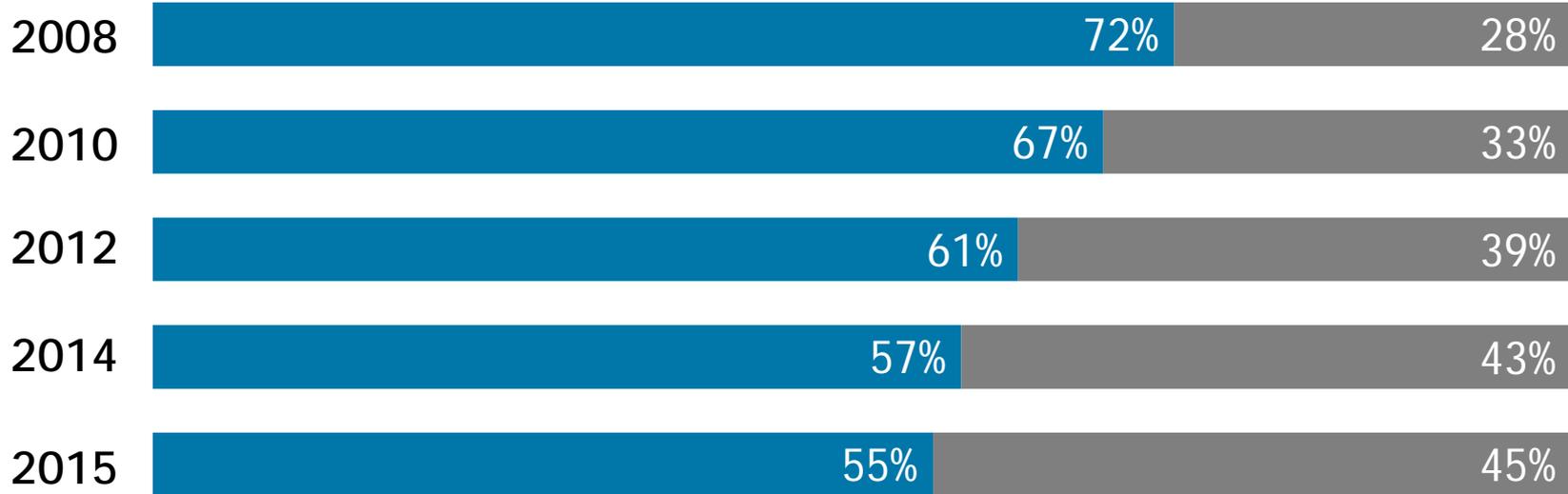


ASSISTED

Share of EITC Returns



DIY



EITC Fraud Migration - Many Factors at Play



Increasing Availability
of Technology



DIY Software



Increasing Burden on
Return Preparers



Ghost Preparers

Free / Free

DIY Competitive
Offers

EITC: Some Good News

TS16 Changes: Gov't-Industry Progress

Pilot test in DIY to learn
the impact of additional
questions

Retail clients no longer
subjected to certain
invasive questions

Planned TS17 Changes: There's More to Come

Consistency in EITC
eligibility cross channels

Legislation:
Reduce refund
for unsubstantiated
EITC claims

Will This Stop EITC Fraud?



TAX FRAUD

In the short term, no, but...

- This will reduce EITC fraud and improper payments
- It will get fixed
- It's just a question of when

The Impact of Fraud & the Lack of Standards



EITC
Improper Payments

SAVE FOR A RAINY DAY?

Think about it. Every year, millions of people get the EITC. So, look into the IRS's new rule. The IRS is saying working people will get hundreds, or even thousands back from the IRS when they file their taxes and claim the credit. Is there some money waiting for you?

Life's a little easier with 



Return Preparer Standards



Stolen Identity Refund Fraud

No Federal Minimum Standards in the Industry



- IRS' return preparer program overruled in court in 2014
- Some states responding with their own minimum standards
- Others considering starting minimum standards programs
- Oregon: GAO report found state's preparers more accurate¹

¹Source: Government Accountability Office, 2008

All the IRS is Able to Require is...

PTIN - Preparer Tax ID Number



Department of the Treasury
Internal Revenue Service

- Name, SSN, DOB
- \$50 fee
- Explanations if you owe taxes or have a felony record

H&R Block Sets High Standards for its 80,000 Tax Preparers

Tax Computation Process



- ✓ 60 hours of basic income tax training
- ✓ Competency exam
- ✓ 18 hours of continuing education annually
- ✓ Background checks
- ✓ Internal compliance & ethics program

Competency and Ethics Should be Table Stakes



The Impact of Fraud & the Lack of Standards



EITC
Improper Payments

SAVE FOR A RAINY DAY?

Think about it. If you're a low-income worker, you'll get hundreds, or even thousands back from the IRS when they file their taxes and claim the credit. Is there some money waiting for you?

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Return Preparer Standards

The image shows a hand typing on a laptop keyboard with a green tint.



Stolen Identity Refund Fraud

The image shows a close-up of a credit card with a padlock, symbolizing security and fraud prevention.

Stolen Identity Refund Fraud 101



Name, SSN,
DOB



Anonymous
Transaction

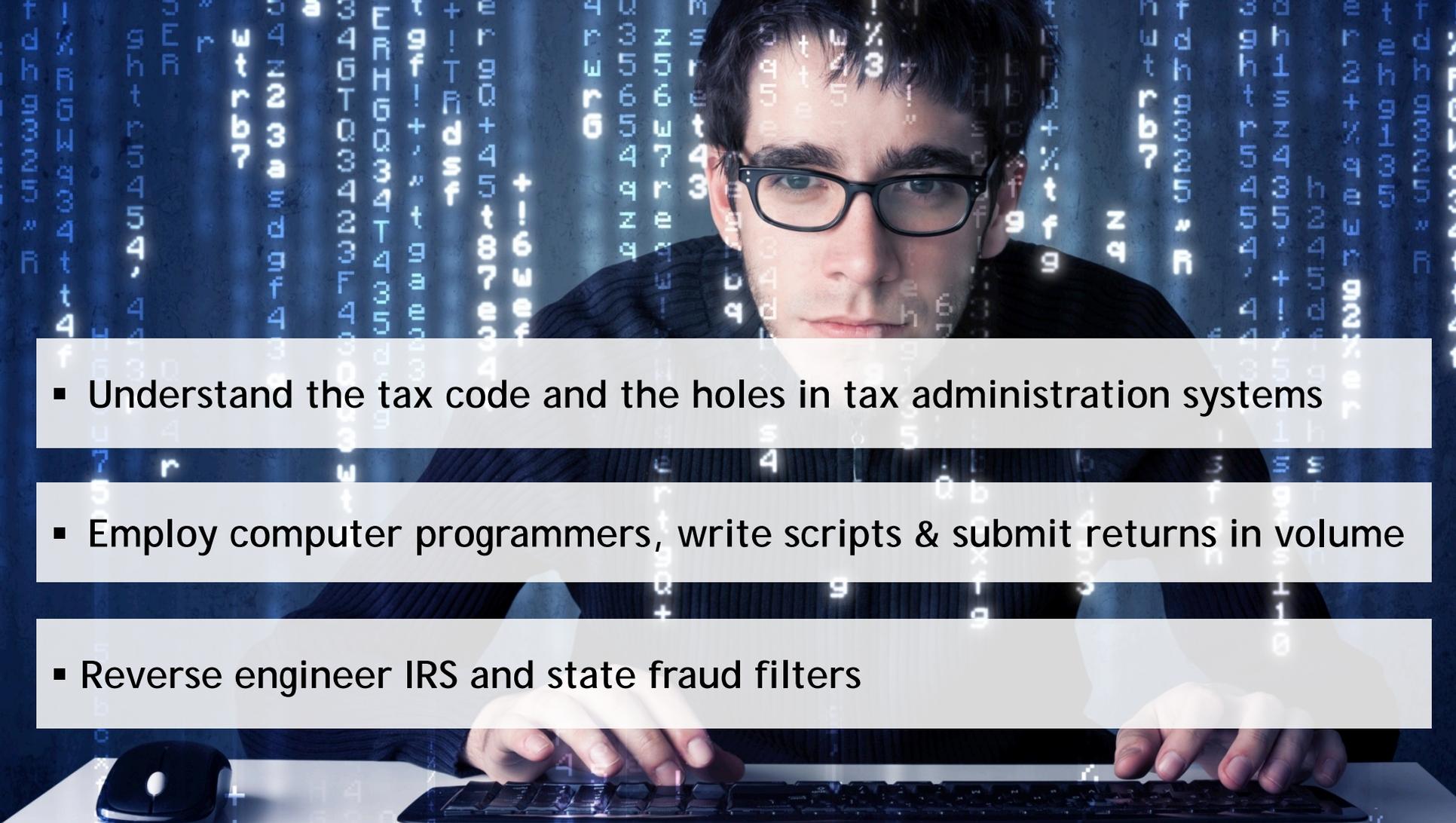


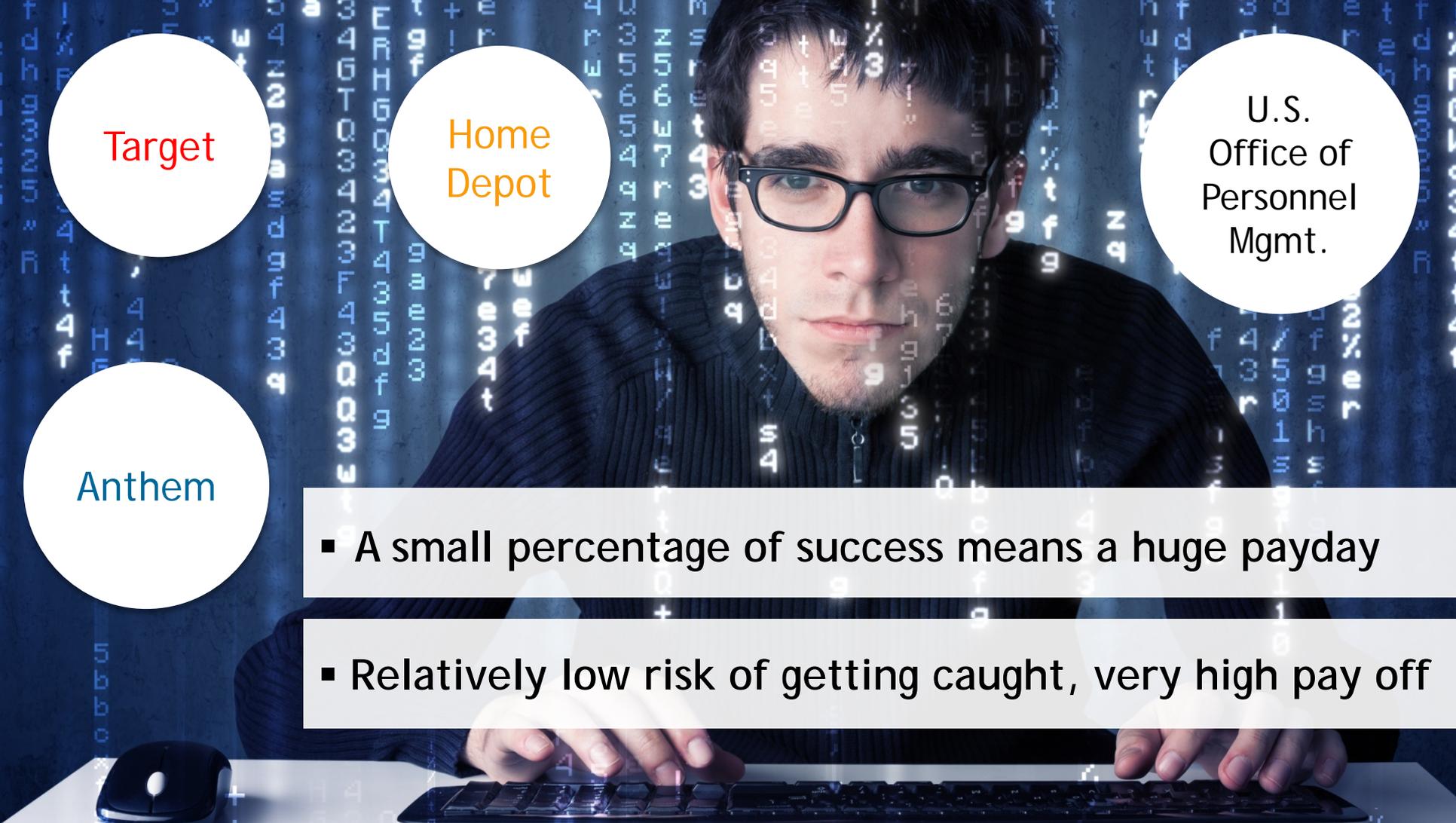
Funneling Stolen
Money

The Nature of Fraud is Changing



Self described as
“The Queen of IRS
Tax Fraud”

- 
- A man with dark hair and glasses is looking directly at the camera. He is wearing a dark sweater and is seated at a desk with a computer keyboard and mouse. The background is a dark blue screen with vertical columns of glowing white and yellow characters, resembling a digital rain or data stream. Three semi-transparent white rectangular boxes are overlaid on the image, each containing a bullet point.
- Understand the tax code and the holes in tax administration systems
 - Employ computer programmers, write scripts & submit returns in volume
 - Reverse engineer IRS and state fraud filters

A man with dark hair and glasses is shown from the chest up, wearing a dark blue ribbed sweater. He is looking directly at the camera while his hands are on a black keyboard. The background is a dark blue digital space filled with glowing white characters and numbers, resembling a computer screen or data stream. Three white circles are overlaid on the image, each containing a company name. Two white rectangular boxes at the bottom contain bullet points.

Target

Home
Depot

U.S.
Office of
Personnel
Mgmt.

Anthem

- A small percentage of success means a huge payday
- Relatively low risk of getting caught, very high pay off

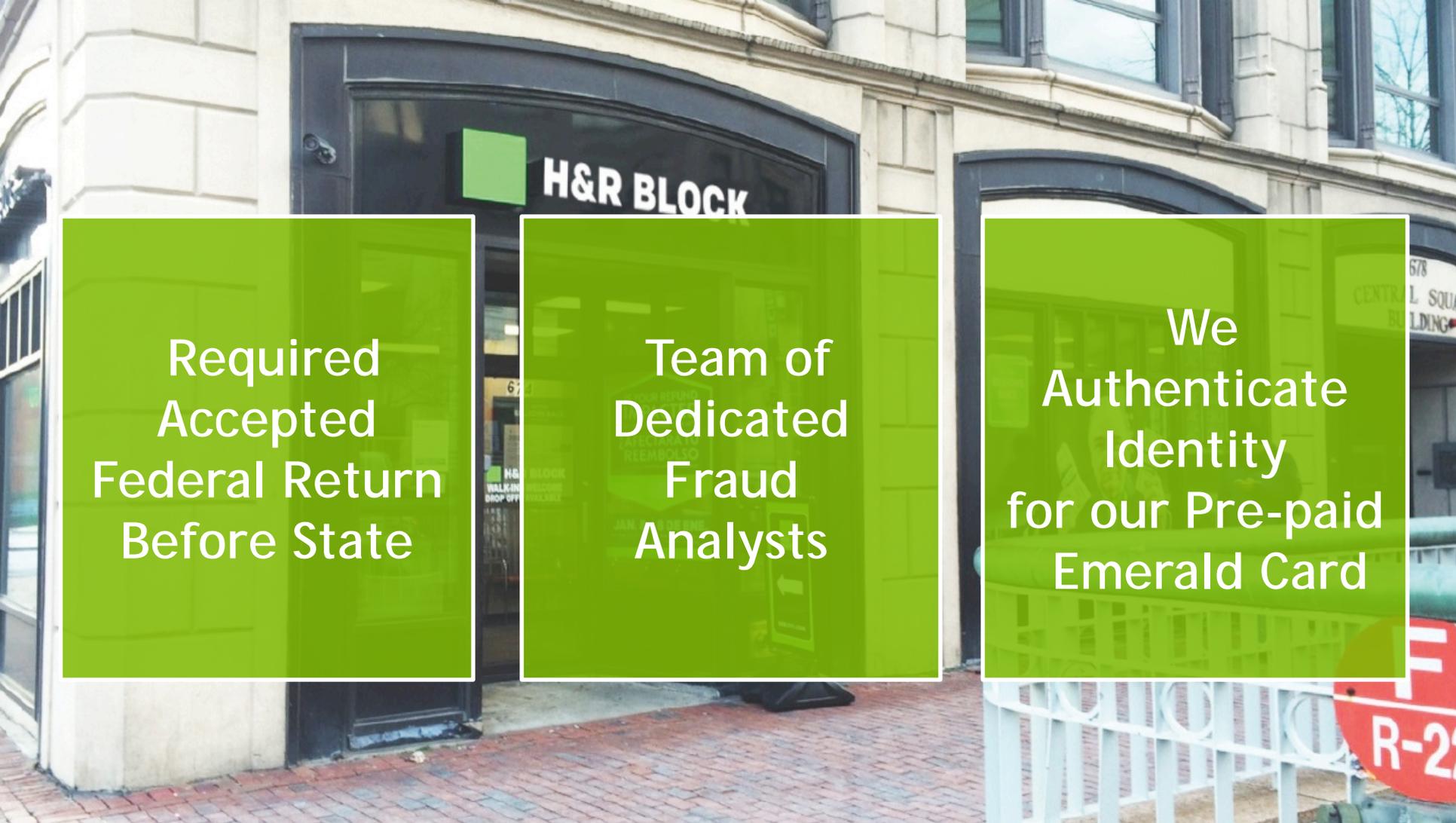
Why We've Seen an Increase in Stolen Identity Refund Fraud

Rise in
Anonymous
Unauthenticated
Accounts



Accessibility of
Stolen Identities





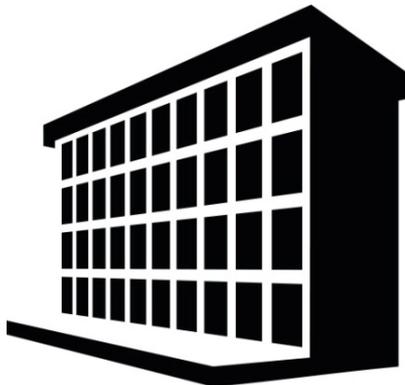
Required
Accepted
Federal Return
Before State

Team of
Dedicated
Fraud
Analysts

We
Authenticate
Identity
for our Pre-paid
Emerald Card

Stolen Identity Refund Fraud Needs to be Addressed in a Cohesive and Unified Way

Public-Private Partnership



Federal Government

Industry

State Tax Authorities

Everyone Can Agree...

We Have a Common Enemy



And a Common Goal:

Fighting Fraud with
a Unified Defense
for 2016 & Beyond



How are Government & Industry Leveling the Playing Field?

Key Reasons SIRF Has Increased

- The DIY online filing process is virtually anonymous
- IRS and the states can't always see the tax filer behaviors
 - Devices being used
 - Location of IP address



For 2016, All Software Providers Must...



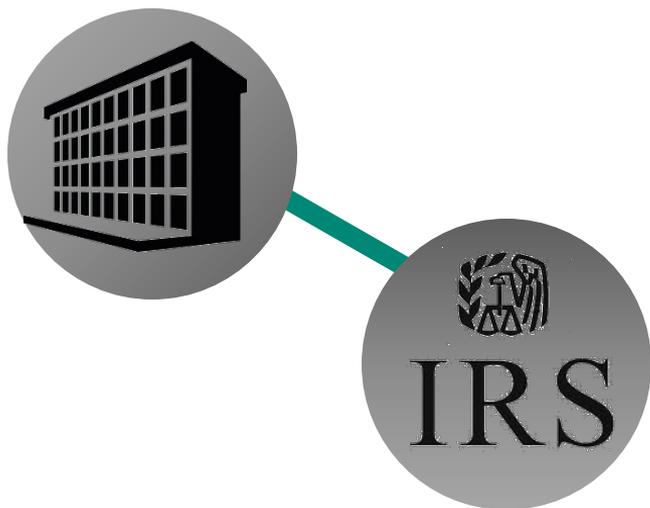
Authentication

- Authenticate online filer identity
- Implement strong security protocols:
 - Stronger passwords
 - Security questions

Not a heavy lift for H&R Block

Also for the 2016 Tax Season...

Information Sharing



- Each tax preparation company required to conduct fraud monitoring and analysis
- Report leads to the IRS in a timely manner
- Secure infrastructure that respects taxpayer rights and protects personal information

Not a Heavy Lift for H&R Block

Key Changes for 2017 & Beyond

Security
Technology

Centralized
Information
Sharing

Financial
Products

What These Changes Mean

H&R Block is well-positioned

Our solid relationships with the IRS and States
better protects our programs and products

Our competitors have to catch up with us.

What These Changes Mean for Competitors



Assisted Independent Competitors

Without an IT staff, the risks are much greater



Smaller DIY Competitors

Many have not had centralized fraud detection and compliance capabilities

Again, H&R Block is Well-Positioned

A Holistic Problem...
Only Solved by Working Together

More Needs to be Done in

Standards

Technology

Investment

Legislation

Final Thoughts

- None of the steps individually solve the problem
- But together—IRS, States and Industry—we are making a positive difference
- It's the right thing to do...
 - For taxpayers
 - For the tax industry

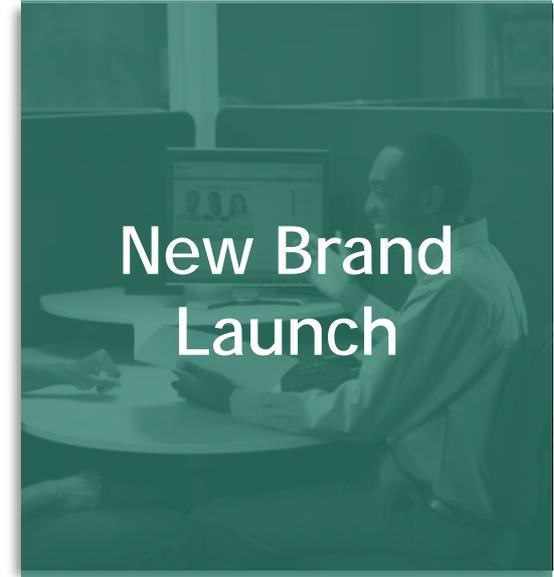
A decorative graphic on the left side of the slide features a vertical stack of overlapping, semi-transparent green triangles and squares, creating a geometric, layered effect.

*Fueling New Client Growth
in Assisted Tax Preparation*

LAURA SCOBIE

Vice President, Client Insights

Growing Assisted Tax



We Understand Tax Filers

H&R
BLOCK



135 million tax season filers



SEGMENT
A

SEGMENT
B

SEGMENT
C

SIMILAR NEEDS

GROUP INTO SEGMENTS

SEGMENT
A

All about the money

Refund is their biggest payday of the year

SEGMENT
B

High touch, year-round

Believe their situation is complex

Willing to pay for more expertise

SEGMENT
C

Believe they are capable of preparing own tax return

A street scene with a large white arrow pointing forward on the asphalt. The arrow is the central focus, pointing towards the horizon. The street is lined with trees and buildings, and there are cars and people in the background. The lighting is warm, suggesting a sunset or sunrise. The text "We Have a Way Forward" is overlaid in white, bold, sans-serif font across the middle of the image.

We Have a Way Forward

**For How to Win
All Types of New Clients**

SEGMENT
A

All about the money

Refund is their biggest payday of the year

Works 60 hours a week as a waitress

Single mother of 2

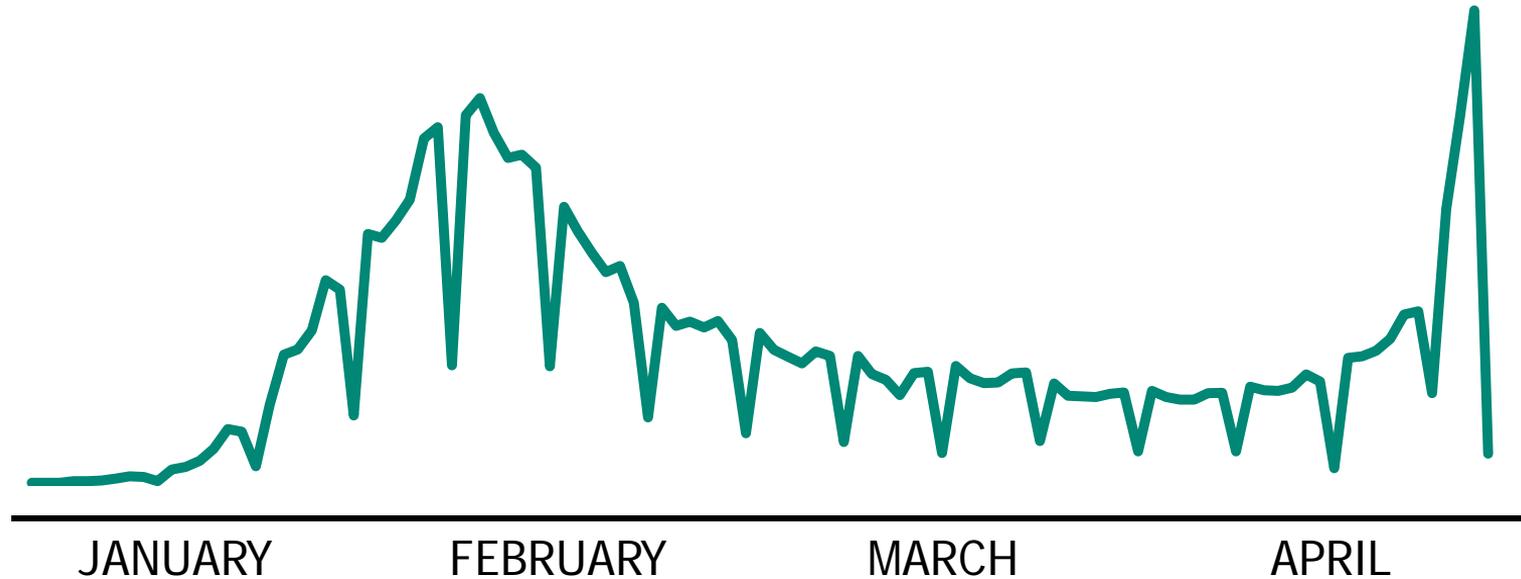
Receives the Earned Income Tax Credit

1 of 33 million eligible



Segment A Files Early in the Season

TS15 RETURN COUNT BY DAY - H&R BLOCK SEGMENT A

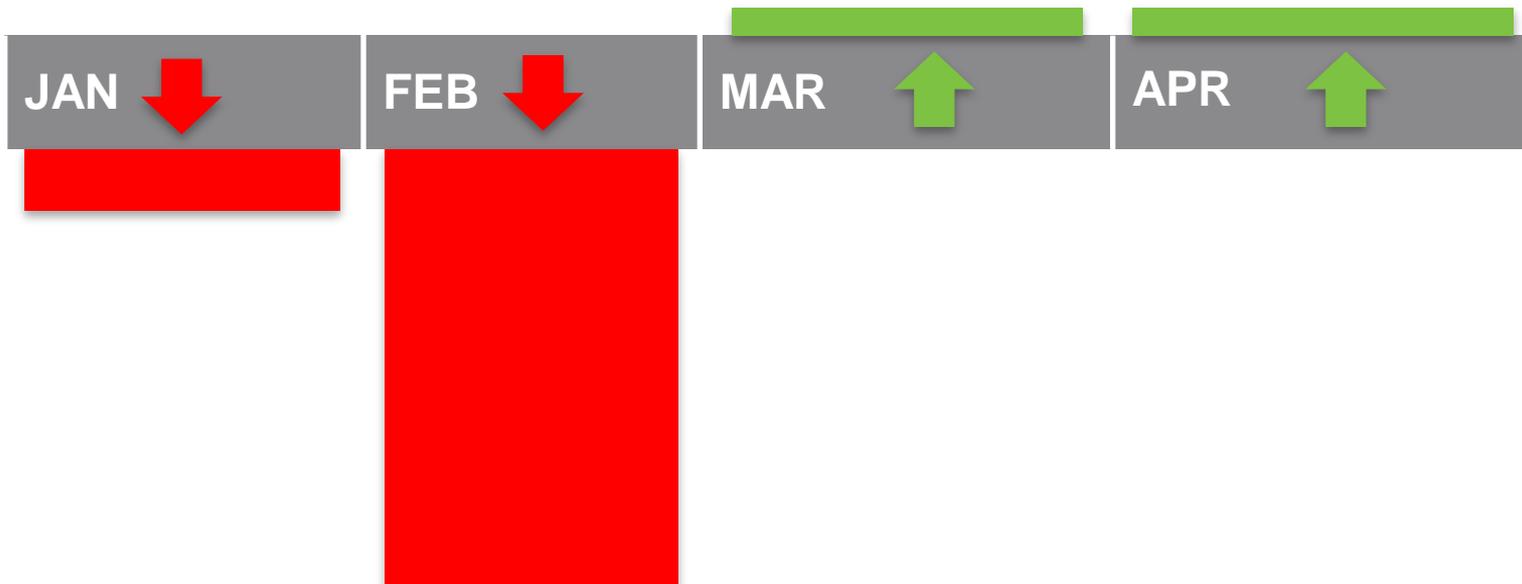


EARLY SEASON

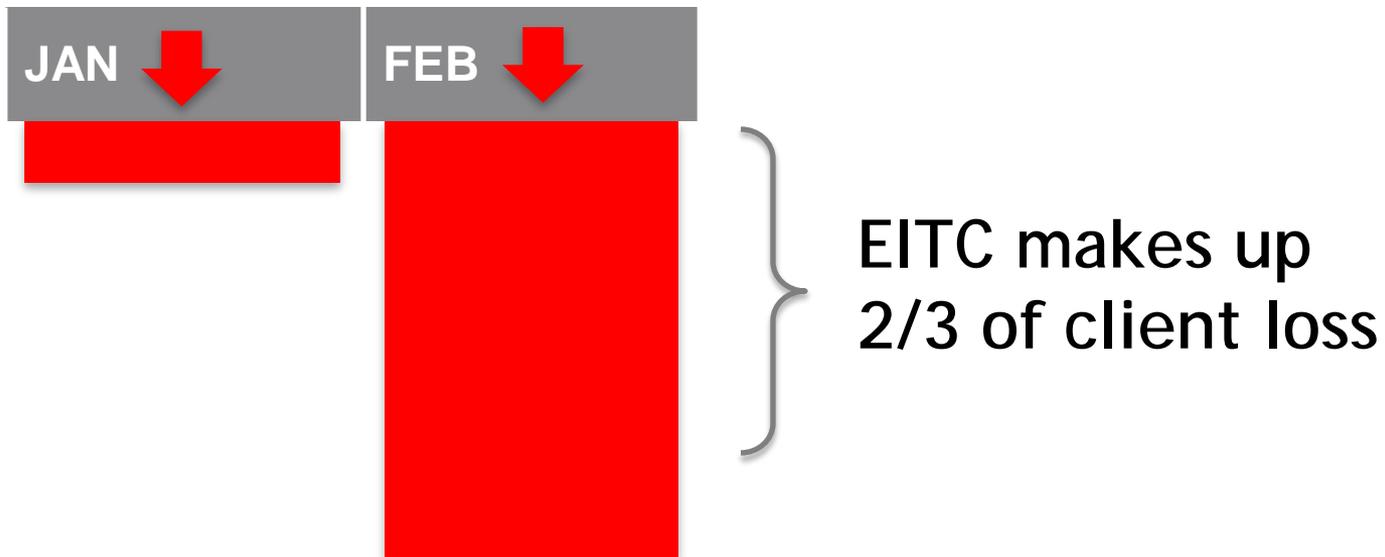
LATE SEASON

Early Season Focus is Critical

H&R Block TS15 Results



H&R Block TS15 Results



H&R Block Has Historically Done Well With EITC Clients



Well known brand

Respected

Products that benefit them

Skilled at handling complexity



We Know What Really Matters

We Know What it Takes
to Win Them Back.

A close-up photograph of a red spiral-bound calendar. The calendar is open to the month of January 2016. The title "JANUARY 2016" is printed in a bold, sans-serif font, with "JANUARY" in red and "2016" in grey. Below the title, a grid of days is visible, with the days of the week labeled in a smaller font: "SUN" in red, "MON", "TUE", "WED", "THU", and "FRI" in grey. The spiral binding is silver and runs along the top edge of the calendar. The background is a plain, light grey surface.

JANUARY 2016

SUN

MON

TUE

WED

THU

FRI

A POWERFUL EARLY SEASON MARKETING PROGRAM

Positive Difference
in Our Clients' Lives

Stand Out in the
Marketplace

TARGETED MARKETING

Likely
Switchers

Customer
Relationship
Management
(CRM)

Bilingual
Messaging

W2
Advertising

A Targeted Multi Year, Multi Dimensional Plan to Win Back EITC Clients

TARGETED MARKETING

CLIENT EXPERIENCE

GOVERNMENT RELATIONS

CLIENT EXPERIENCE



More Quality
Tax Pros



More
Bilingual
Associates



Personalized
Interviews

GOVERNMENT RELATIONS



Return
Preparer
Standards



EITC
Improper
Payments

SAVE FOR A RAINY DAY?

Think about it. If you're not claiming the EITC, you could be leaving money on the table. So, look into the EITC. You could get hundreds, or even thousands back from the IRS when they file their taxes and claim the credit. Is there some money waiting for you?

Life's a little easier with 



Stolen
Identity
Refund Fraud

A Targeted Multi Year, Multi Dimensional Plan to Win Back EITC Clients

TARGETED MARKETING

CLIENT EXPERIENCE

GOVERNMENT RELATIONS

SEGMENT
B

Added level of expertise

Believe their situation is complicated

Partner year-round

Same person every year

Get to know their personal situation



H&R Block Premium



Premium started in
1982

Experts at navigating
complex tax
situations

Deliver on
Segment B client
needs year after year

Transitioning Premium



Historically Premium
lacked focus

We've decided to give
it more attention

Created a new brand
and business model

INTRODUCING...

Advisors **BLOCK** 

**PUT OUR
EXPERTISE
TO WORK
FOR YOU**

IT'S REFUND SEASON.

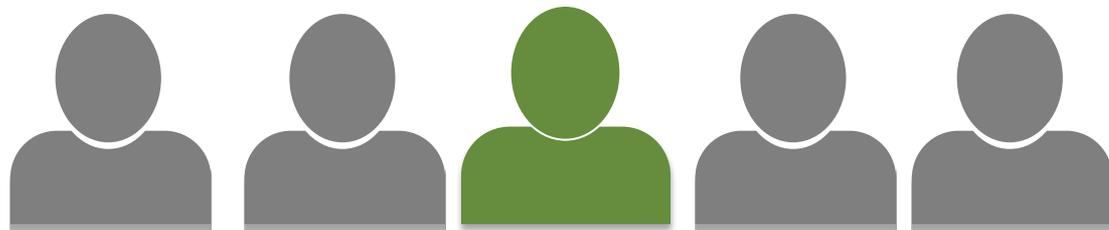


**GETTING
BUILDING BACK
FOR YOU**

**AVAILABLE
YEAR-ROUND**

Person working at a computer workstation.





1 in 5 are Small Business Owners

Block Advisors Will Offer



PAYROLL



BOOKKEEPING



BUSINESS TAXES



PERSONAL TAXES

Two Businesses, Two Types of Clients, Two Avenues For Growth



**H&R
BLOCK**

- Tax is a financial event
- Skilled tax professionals
- Accurate Return + Tax Products
- We get you every dollar you deserve
- Tax is about a refund

**BLOCK
Advisors**
Tax & Business Services

- Tax is a year-round process
- Team of tax advisors
- Tax + Planning + Small Business
- Customized tax plan
- Tax is part of a financial plan

Different Consumers
Different Needs
Different Value Propositions

Launching With...



287 Locations



Converted Premium
Offices

Block Advisors



www.blockadvisors.com

SPRINKLERS
THROUGHOUT
BUILDING

SPRINKLER
THROUGHOUT
BUILDING

A decorative graphic on the left side of the slide, composed of overlapping green triangles and squares in various shades of green, creating a geometric, abstract pattern.

H&R Block's Winning Formula in DIY

JASON HOUSEWORTH

President, U.S. Product Strategy & Development



H&R Block's
Winning
Formula in DIY



DIY Trends
Shaping the
Digital Category



Fraud



Value / Premium
Convergence

A man with short dark hair, wearing a light blue button-down shirt over a white t-shirt, is sitting at a desk and smiling as he works on a silver laptop. His hands are on the keyboard. The background is a bright, out-of-focus office space with a white mug on the desk and some greenery in the distance.

H&R Block's Winning Formula in DIY

SEGMENT
A

SEGMENT
B

SEGMENT
C



The Do-It-Yourself (DIY) User

~40% of all tax filers

“I’m confident I can prepare my own tax return!”

“I want control of the tax process.”

“It’s convenient to do taxes when I want.”

“If I do it myself, I’m going to save money for the time I invested.”

SEGMENT
C

H&R Block's Winning Formula in DIY

H&R
BLOCK

1 Product Innovation: *Intelligence as a service*



2 'Multi-Screen' Focus

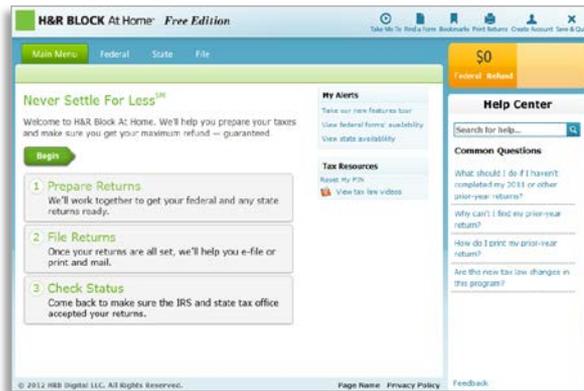


3 Brand: Awareness & Tax Services



Consistent Product Innovation

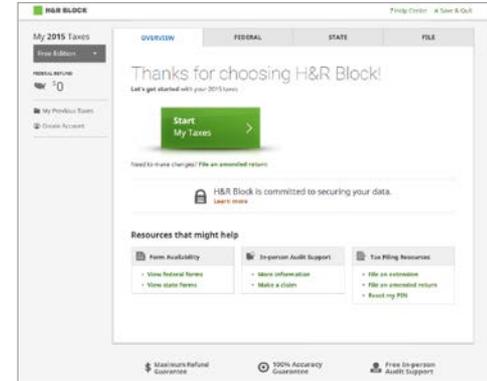
H&R
BLOCK



TS2011



TS2013



TS2016

TS11

Main Menu

Federal

State

File

\$0

Federal Refund

Never Settle For LessSM

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

Begin

1 Prepare Returns

We'll work together to get your federal and any state returns ready.

2 File Returns

Once your returns are all set, we'll help you e-file or print and mail.

3 Check Status

Come back to make sure the IRS and state tax office accepted your returns.

My Alerts

[Take our new features tour](#)

[View federal forms' availability](#)

[View state availability](#)

Tax Resources

[Reset My PIN](#)

 [View tax law videos](#)

Help Center

Search for help...



Common Questions

[What should I do if I haven't completed my 2011 or other prior-year returns?](#)

[Why can't I find my prior-year return?](#)

[How do I print my prior-year return?](#)

[Are the new tax law changes in this program?](#)

TS13



My **2013** Taxes

Free Edition

FEDERAL REFUND



\$0

My Previous Taxes

? Common Questions

Contact H&R Block

Send Us Feedback

OVERVIEW

FEDERAL

STATE

FILE

Welcome

Let's get started with your 2013 taxes

Start
My Taxes



Resources that might help

Form Availability

[View Federal Forms](#)
[View State Forms](#)

Worry-free Audit Support

[More Information](#)
[Make a claim](#)

Tax Filing Resources

[File an Extension](#)
[File an amended return](#)
[Reset my pin](#)

TS16

My 2015 Taxes

Free Edition

FEDERAL REFUND

\$0

My Previous Taxes

Create Account

OVERVIEW

FEDERAL

STATE

FILE

Thanks for choosing H&R Block!

Let's get started with your 2015 taxes

Start
My Taxes



Need to make changes? [File an amended return](#)



H&R Block is committed to securing your data.

[Learn more](#)

Resources that might help



Form Availability

- [View federal forms](#)
- [View state forms](#)



In-person Audit Support

- [More information](#)
- [Make a claim](#)



Tax Filing Resources

- [File an extension](#)
- [File an amended return](#)
- [Reset my PIN](#)



W-2 Capture



1095-A Import



Pro Tips



Refund Reveal

\$ Maximum Refund Guarantee

100% Accuracy Guarantee

Free In-person Audit Support

TS16

My 2015 Taxes

Free Edition

FEDERAL REFUND

\$0

My Previous Taxes

Create Account



W-2 Capture



1095-A Import



Pro Tips



Refund Reveal

H&R Block Refund RevealSM

Wondering how your refund of \$5,075 was calculated? It's easy! Let's find out.

Based on income, here's what you owe (after deductions).

Together, these amounts decrease your refund by \$3,179.

- ▼ Kate's income from Acme Corp
- ▼ Interest income from Fidelity Investments
- ▲ Mortgage interest to Bank Liberty
- ▲ State and local taxes



Next we'll add in every credit you're entitled to.

Together, these increased your refund by \$2,000.

- ▲ Child tax credits for ABBY & CHLOE

Want to know how your credits affect your refund? [Learn more](#)



Finally, we'll include the taxes you paid last year

This increased your refund by \$6,254.

- ▲ Taxes paid from Kate's employment at Acme Corp

Want to know how the taxes you paid affects your refund? [Learn more](#)



Time to bring it all together.

- ▼ \$3,179 Income and deductions that decreased your refund.
- ▲ \$2,000 Credits that increased your refund.
- ▲ \$6,254 Taxes you've already paid that increased your refund.

Your refund of

\$5,075

Your maximum refund - guaranteed.



FILE

ta.

Filing Resources

- in extension
- in amended return
- t my PIN

Free In-person Audit Support

MyBlock

>8 Million
Registered
Clients

The screenshot shows the H&R Block MyBlock user interface. At the top, there are navigation links for 'Home', 'My Tax Life', 'Calculators', 'Taxes & ACA', and 'Help'. The user's name 'Bruce Daise' and a 'SIGN OUT' link are visible in the top right. The main content area features a welcome message: 'Welcome back, Bruce Daise' with a green button labeled 'Go to My 2015 Taxes'. To the right, a profile summary shows 'Single', 'Kansas City, MO', '10 Year Client', and 'H&R Block's Deluxe'. Below this are three main service tiles: 'Tax Organizer' with a blue checkmark icon and a 'Go to My Organizer' button; 'Tax History' showing a 'Your 2014 Federal Refund' of '\$2,550' with a 'View Tax History' button; and 'Emerald Card' showing a card ending in '3878' with a 'View Account' button.

En Español Bruce.Daise SIGN OUT

Home My Tax Life Calculators Taxes & ACA Help

Welcome back,
Bruce Daise
Let's get started with your 2015 taxes.

[Go to My 2015 Taxes](#)

Single
Kansas City, MO
10 Year Client
H&R Block's Deluxe®

Tax Organizer
Get ready for your 2015 return with your personalized tax organizer.
[Review Items](#) | [Upload Documents](#)
[Go to My Organizer](#)

Tax History
Your 2014 Federal Refund
\$2,550
[View 2014 Tax Return](#)
[View Tax History](#)

Emerald Card
Emerald Card connected to your account ending in 3878
[Card Not Listed](#) | [Questions](#)
[View Account](#)

MyBlock

>8 Million
Registered
Clients

The screenshot displays the MyBlock web application interface. At the top, the H&R BLOCK logo and 'myBLOCK' are visible on the left, and 'En Español' and user information 'Bruce.Daise SIGN OUT' are on the right. The main heading is 'My Tax History'. Below this is a navigation bar with tabs for '2014 Tax Year' (selected), '2013 Tax Year', '2012 Tax Year', '2011 Tax Year', and '2010 Tax Year'. The central content area features a large blue box on the left with 'My Federal Refund \$2,550' and 'Estimated Arrival: Mar. 20, 2014'. To the right, a progress bar shows 'Filed Feb. 4, 2014', 'Accepted Mar. 12, 2014', and 'Expected By Mar. 20, 2014'. A green button labeled 'View My Tax Return' is positioned below the progress bar. At the bottom, there are three main navigation cards: 'Tax Organizer' with a 'Go to My Organizer' button, 'Tax History' with a 'View Tax History' button (highlighted with a green border), and 'Emerald Card' with a 'View Account' button. A hand cursor icon is positioned over the 'View Tax History' button.

DIY Results Over 4 Years



1 Product Innovation: *Intelligence as a service*



7%

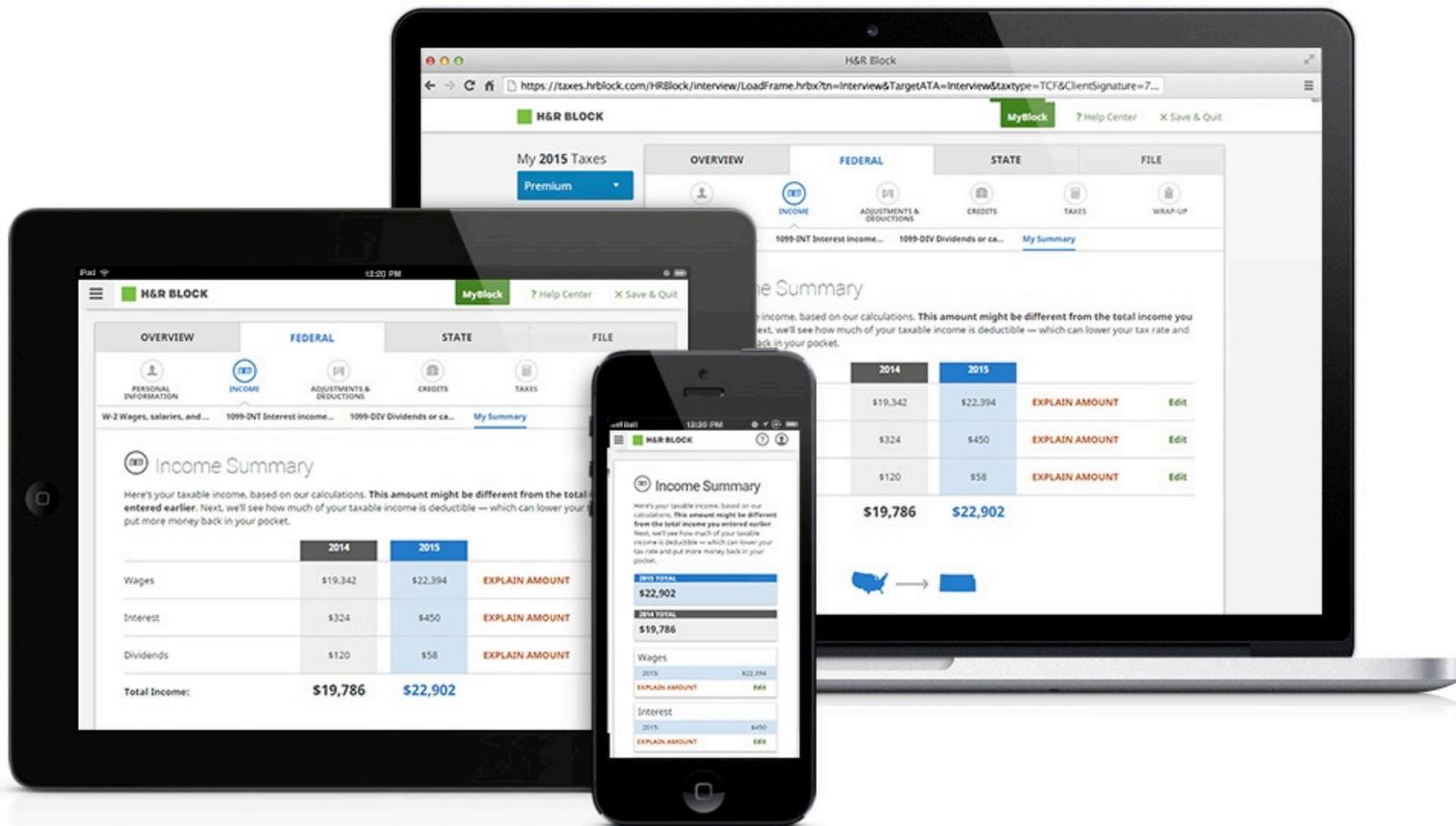
Tax Return CAGR

9%

Revenue CAGR

Note: Period covered includes FY12 - FY15, excludes FFA returns

Designed For All Types of Devices



DIY Results Over 4 Years



2 'Multi-Screen' Focus



+30 pts Mobile Conversion Improvement

DIY Results Over 4 Years

H&R
BLOCK

3 Brand: Awareness & Tax Services



+16 pts Awareness
Growth

H&R Block's Winning Formula in DIY

H&R
BLOCK

1 Product Innovation: *Intelligence as a service*



2 'Multi-Screen' Focus



3 Brand: Awareness & Tax Services



4 (Continue) Industry Leading, Proactive & Secure Anti-Fraud Platform



H&R Block's
Formula to Win



DIY Trends
Shaping the
Digital Category

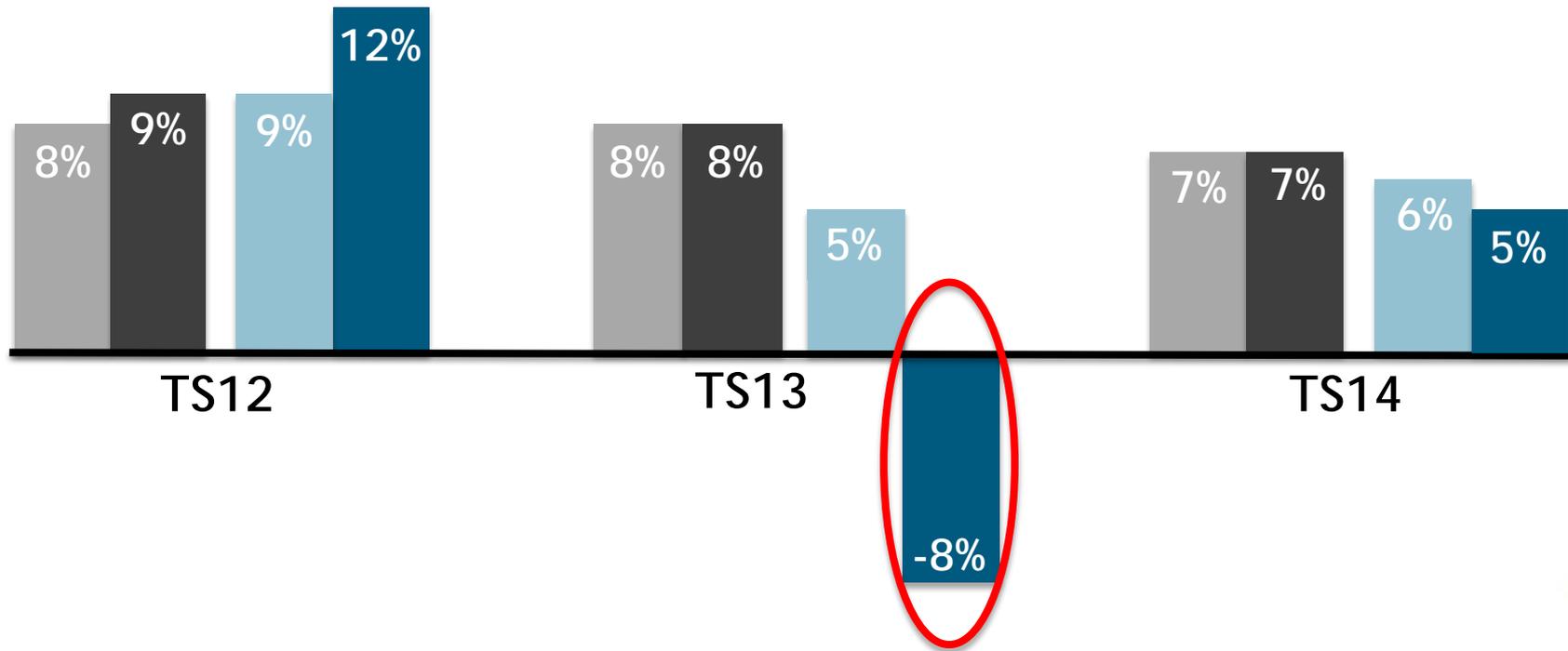


Fraud



Value / Premium
Convergence

Florida Return Fluctuations



US Unemployment

Florida Unemployment

IRS DIY E-File Growth

Florida IRS E-File Growth

Our View:

Federal filters caused fraud to originate
in other states via online filings

State e-File Fraud



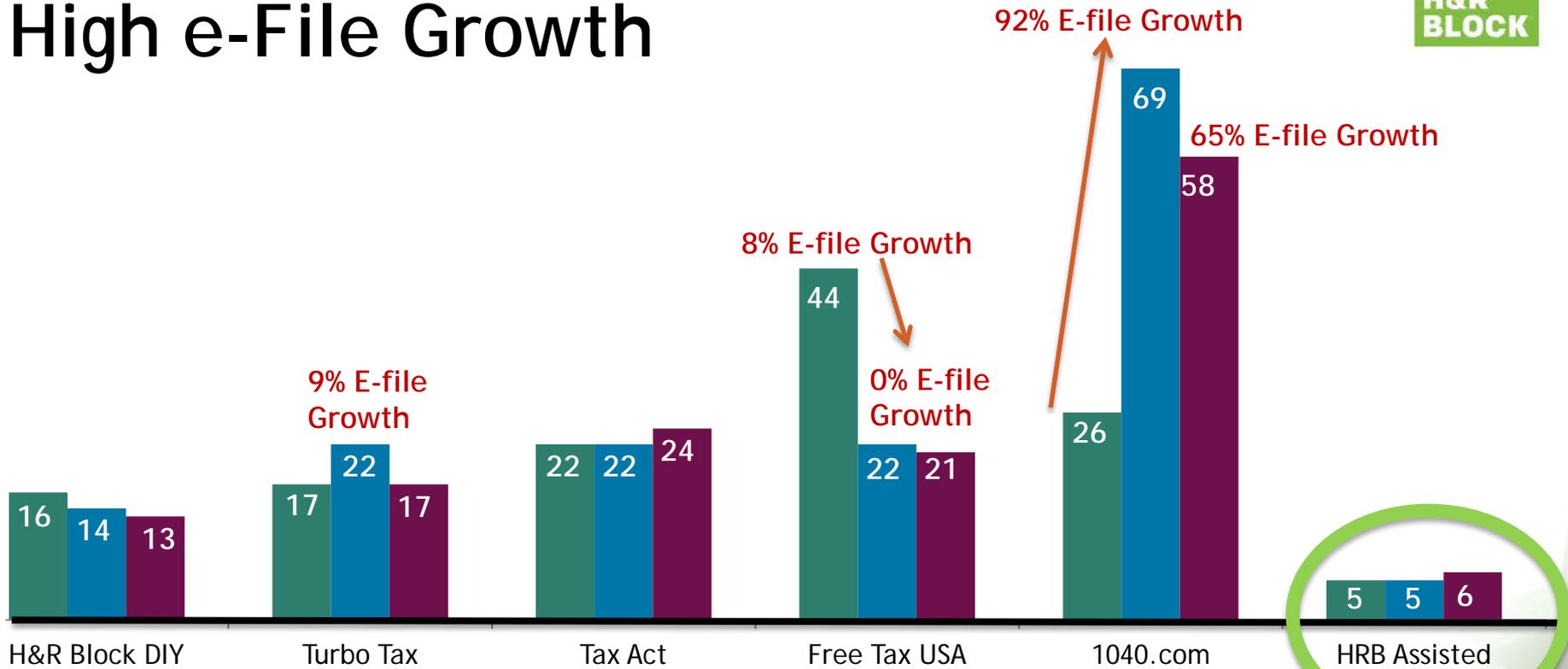
“So far in this year’s tax filing season [TS15], Intuit has seen between three and 37-fold increases in unlinked, state-only returns. Convinced that most of those requests are fraudulent, the company now blocks users from filing unlinked returns via TurboTax.”

- *Indu Kodukula, Chief Information Security Officer at Intuit
(February 15, 2015)*

IRS e-File Rejects

- Valid reasons exist for e-Files to be rejected
- The rate of rejects *should* be similar across DIY software providers
- It is not

High IRS Reject Rates Correspond With High e-File Growth



IRS REJECT % RATES TS13 % TS14 % TS15 %

Source: H&R Block analysis of IRS Third Party Data Sort e-file data from 2013-2015



H&R Block's
Formula to Win



DIY Trends
Shaping the
Digital Category



Fraud



Value / Premium
Convergence

Value/Premium Convergence

DIY

Value DIYer:
Competitors lose
ability to compete
on **price alone**



Premium DIYer:
Category leader
raising price to fund
simple filer pricing



HRB is **well-positioned** for the future

Tax Season 2015

H&R
BLOCK



Simple DIYer

Free Federal
Free State

Complex DIYer

Charged up to
\$40 more

Result

+1040EZ share

H&R
BLOCK

Free Federal
\$9.99 State

No price
increase

+3 pts desktop share
+1040 online share

Tax Season 2015

H&R
BLOCK

IRS e-File

Revenue

Result

H&R
BLOCK

+6.3%

+12.3%

Sustainable Growth!



Category Leader

+6.2%

+9.2%

Revenue from Price;
1040EZ Volume

TaxACT

-1.2%

+13.4%

Revenue from Price

H&R Block's Winning Formula in DIY

H&R
BLOCK

1 Product Innovation: *Intelligence as a service*



2 'Multi-Screen' Focus



3 Brand: Awareness & Tax Services



4 (Continue) Industry Leading, Proactive & Secure Anti-Fraud Platform

A decorative graphic on the left side of the slide, composed of overlapping green triangles and squares in various shades of green, creating a geometric, abstract pattern.

ACA Update

MARK CIARAMITARO

Vice President, Taxes & Healthcare Services

An aerial photograph of a busy city intersection, likely in Asia, featuring several modern high-rise buildings and a complex road layout with multiple lanes and pedestrian crossings. A large, semi-transparent green diagonal band runs across the center of the image. The word "TAXES" is written in white, bold, sans-serif capital letters on the upper portion of this band, and the words "HEALTH INSURANCE" are written in the same style on the lower portion. The background shows a mix of architectural styles, including glass-fronted skyscrapers and older concrete buildings, with cars and pedestrians visible on the streets below.

TAXES

HEALTH INSURANCE

The Affordable Care Act

DESIRED OUTCOMES

- Expanded Health Insurance Coverage
- Reducing Healthcare Costs



OBJECTIVES

- Driving Consistent Quality
- Improving Affordability
- Expanding Access

MECHANISMS

- “Individual Mandate”
- Health Plan Regulations
- Health Insurance “Marketplaces”
- Expanded Medicaid
- “Employer Mandate & Cadillac Tax”

As an Investor, Why Should You Care?

1

ACA tax impact on filers is pervasive and complex

2

ACA tax impact = Opportunities for tax industry

3

H&R Block is best positioned to capitalize

4

Still in early stages... opportunity will take time to develop



What
Happened
in 2015



What's New
For 2016



Going Forward
Implications &
Expectations



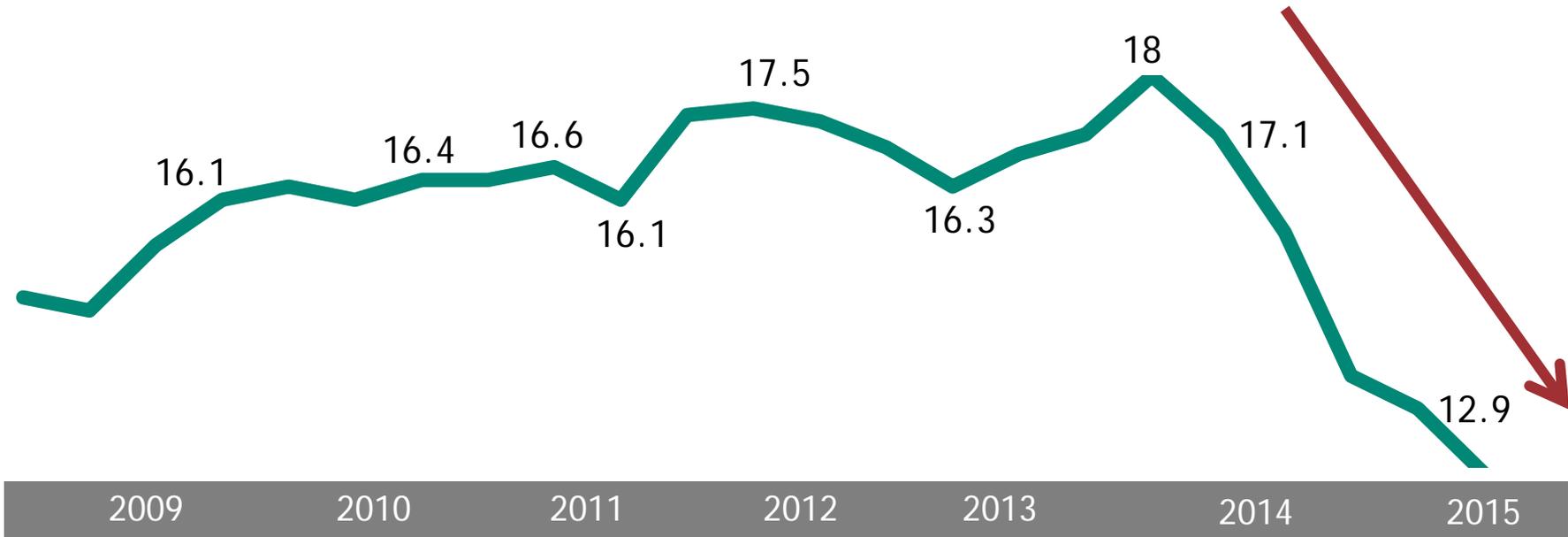
**AFFORDABLE
CARE
ACT
(ACA)**

TS15: What Happened

Lower Uninsured Rates

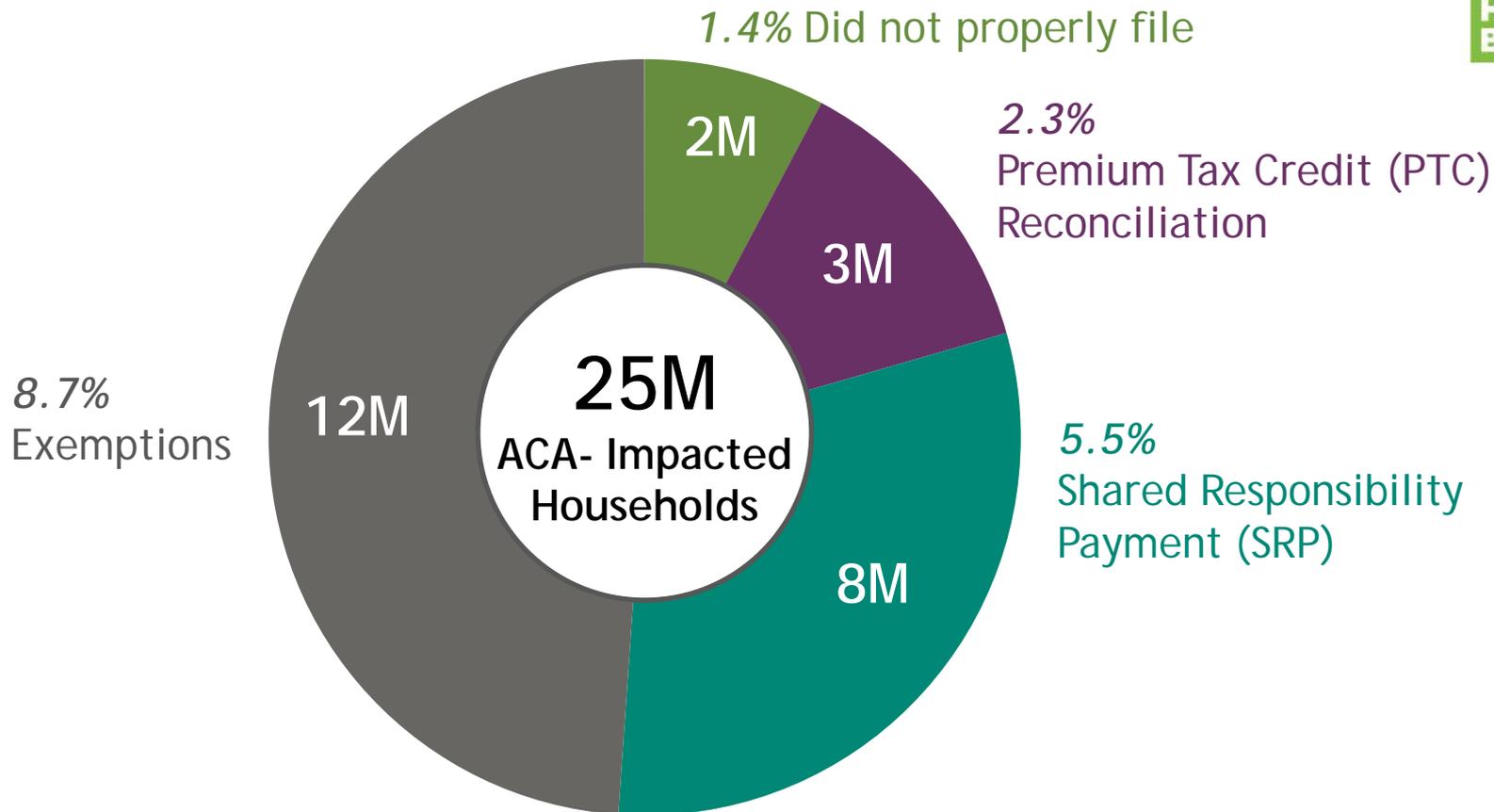


Percent Uninsured in U.S. by Quarter



~17 million gained insurance coverage

ACA-Impacted Filers



Percentages above represent percent of IRS base of ~135M tax season returns

Channel Mix Among ACA-Impacted Returns



Penalty

65%

35%

PTC
Reconciliation

60%

40%

Exemption

54%

46%

The Most Significant Impact Faced by ACA Filers...



...was on their refund



Many were caught off guard

ACA Refund Impacts

Shared Responsibility Payment

Penalty Worksheet

The image shows a portion of the Shared Responsibility Payment Worksheet. It includes a grid for entering data by month (Jan through Dec) and a list of instructions for completing the form. A large watermark reading 'DRAFT AS OF September 24, 2014' is overlaid on the form.

Shared Responsibility Payment Worksheet

If you or another member of your tax household has neither minimum essential coverage nor a coverage exemption for any month during 2014, use the Shared Responsibility Payment Worksheet below to figure your shared responsibility payment. You will enter the amount for each month on the worksheet for Form 1041, line 61, Form 1042, line 66, or Form 1042-EZ, line 11.

Complete the monthly columns by placing "0" for each month in which you or another member of your tax household had neither minimum essential coverage nor a coverage exemption.

Name	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
1. Total number of FPs in a month. If 0 or 1, enter "0"												
2. Total number of FPs in a month for children 18 or younger												
3. Overall FP number for a month (subtract line 2 from line 1)												
4. Add lines 3 and 2 for each month												
5. Multiply line 4 by 100 for each month. If 0, enter "0"												
6. Sum of the number of FPs on line 5 above for the year												
7. Enter your household income over \$10,000 (single), or over \$20,000 (joint)												
8. Enter your filing status (see Form 1041, line 61)												
9. Multiply line 7 by 1%												
10. Multiply line 6 by 1%												
11. Enter the lesser of line 9 or line 10												
12. See Form 1041, line 61 for the number of months for which line 11 is more than zero												
13. See Form 1041, line 61 for the number of months for which line 11 is more than zero												
14. Multiply line 11 by 12												
15. Multiply line 13 by 12												
16. Enter the smaller of line 14 or line 15 and pay Form 1041, line 61, Form 1042, line 66, or Form 1042-EZ, line 11. This is your shared responsibility payment.												

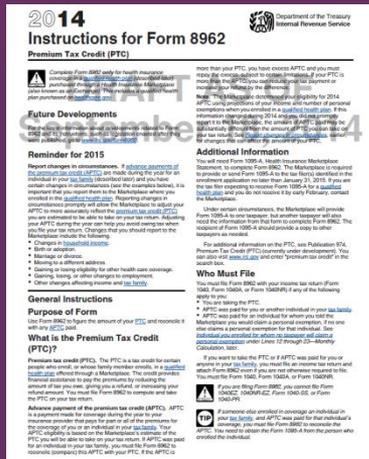
The instructions at the bottom of the form state: "The amount of paying the shared responsibility payment, an individual is considered zero." If for an entire month FPs in the household are 0, enter "0" for each month. Do not include the amount for any month in which you or another member of your tax household had neither minimum essential coverage nor a coverage exemption for any month during 2014. A correction tag (R or S) may be filed.

- 7.5M paid penalties
- \$1.5B total penalty payments collected
- \$201 average payment per household
- 56% of penalty payers have income under \$30K

ACA Refund Impacts

Premium Tax Credit Reconciliation

Form 8962



- \$9.6B total claimed
- \$2,998 average received
- 3.1M impacted
- 51% owe back....average >30% refund reduction

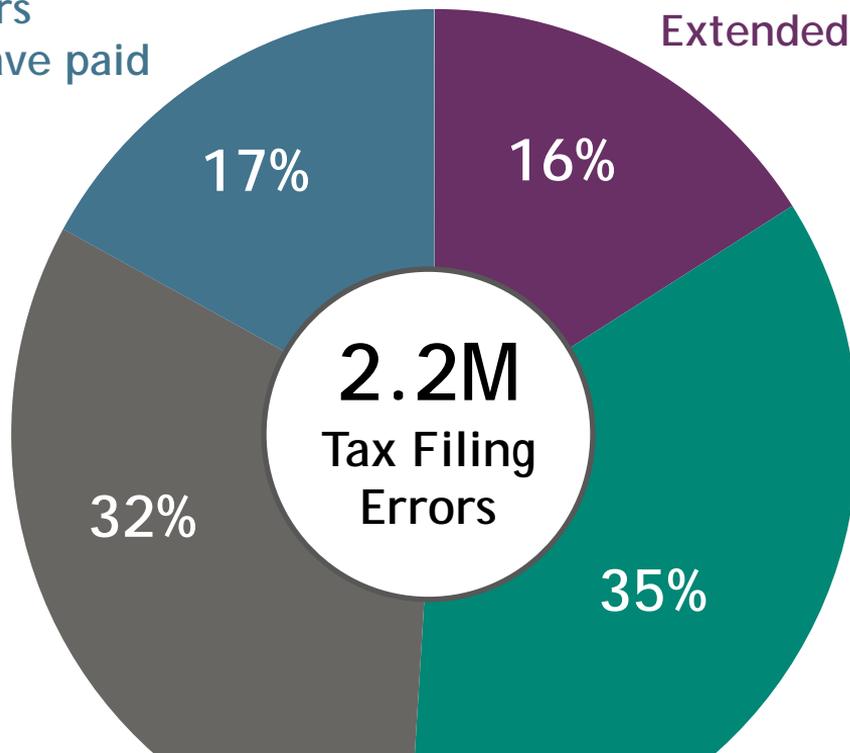
ACA Tax Filing Mistakes

Made math errors
or should not have paid

Extended without 8962

Failed to
properly file

Filed Incorrectly
without 8962



Not filing properly can mean losing
access to Premium Tax Credits



H&R Block Results

TRAINING

- ~7 Hours ACA certification training
- Instructor led, web-based and BlockWorks software practice
- Included over 50 case studies
- Invested and deployed extensive ACA support resources



RESULTS

- Invested 600k total hours of ACA-specific training
- Trained >80k tax pros across 10k offices
- Higher average Net Promoter Scores
- Tax professionals capable of handling full range of ACA situations



Profile of ACA Impacted HRB Client

More Likely to be...



Early Season



Lower Average Income



Single/HOH/Latino



New, Assisted

Form 1040A Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return (99)

Form 1040EZ Department of the Treasury—Internal Revenue Service Income Tax Return for Single and Joint Filers With No Dependents (99)

1040A or EZ

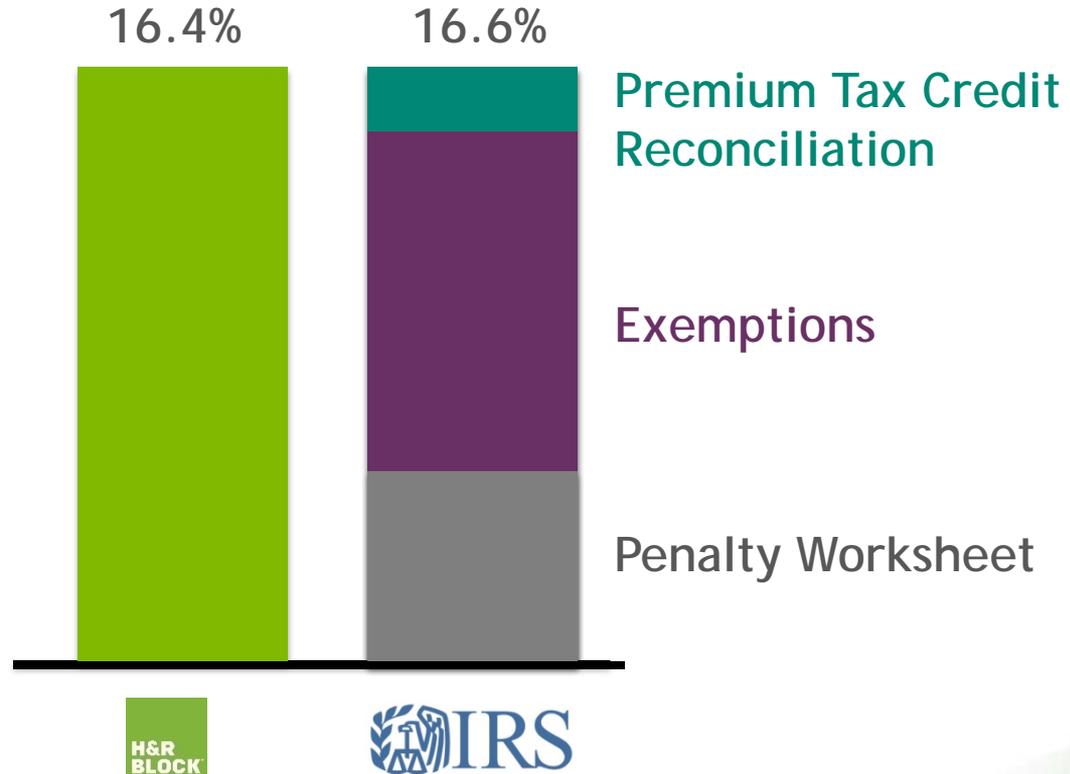


Residence: CA, FL, TX & Non-Expansion Medicaid States

% HRB Clients Impacted by ACA Tax Forms Similar to Overall Tax Category



Majority of
ACA-impacted filers,
claimed exemptions
or paid a penalty



HRB Clients Saw Lower Penalty Payments

Average Shared Responsibility Payment Amount
(Per Return)



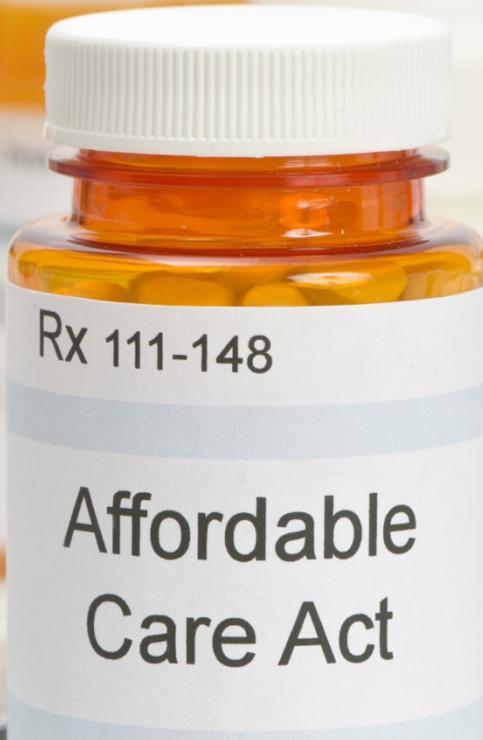
2015 Key Learnings

Significant # of tax filers impacted...especially lower income households

Added tax complexity led to filing issues for many

HRB's % of returns impacted by ACA tax forms was similar to overall category...retail clients impacted at a higher rate

ACA related tax refund impacts were a surprise & in some cases significant for many filers...and some delayed filing



ACA: What's New in TS16

New Coverage Verification Notices

NEW:

Form 1095-A Health Insurance Marketplace Statement. The form includes sections for Required Information, Covered Individuals, and Coverage Information. A large watermark reads "DRAFT AS OF August 6, 2015 DO NOT FILE".

1095-A continues as
"must have"
filing document

Form 1095-B Health Coverage. The form includes sections for Responsible Individual, Employer Sponsored Coverage, and Covered Individuals. A large watermark reads "DRAFT AS OF August 6, 2015 DO NOT FILE".

Form 1095-C Employer-Provided Health Insurance Offer and Coverage. The form includes sections for Employee, Employee Offer and Coverage, and Covered Individuals. A large watermark reads "DRAFT AS OF August 6, 2015 DO NOT FILE".

1095-B & C notices sent to all covered households
*Will generate lots of questions
... but in most cases not required in order to file*

Expect Increased IRS Enforcement

- Why...because IRS will now have access to ALL household coverage data
- Refunds for Marketplace enrolled clients who don't properly reconcile their Premium Tax Credits will be held



IRS ACA Notices



Department of Treasury
Internal Revenue Service

Notice CP2091
Tax Year 2009
Notice date March 2, 2009
Social Security Number
To contact us
Your Call ID
Page 1 of 2
Bar code

Intent to terminate your Instalment Agreement

Amount due immediately: \$

One of the conditions of your installment agreement was to pay all additional taxes on time that become due after the agreement. Since you have also changed the agreement, you are now subject to the original terms of the agreement. You must pay the amount due immediately on April 15, 2009.

What you need to do immediately

Pay immediately. Pay the amount due immediately. You can pay online now at www.irs.gov/you

Make your check or money order payable to the United States Treasury for the year 2009, and deposit it in your payment envelope.

Write your Social Security number on the payment envelope.

Amount due immediately:

INTERNAL REVENUE SERVICE

Department of Treasury
Internal Revenue Service

Notice CP2091
Tax Year 2009
Notice date March 2, 2009
Social Security Number
To contact us
Your Call ID
Page 1 of 2

We're auditing your Form 1040

Supporting documentation requested

We need you to send us information to support items you claimed on your tax return.

What you need to do immediately

- Review the list of items we're auditing and provide copies of documentation to verify what you claimed on your tax return. See the enclosed forms for complete instructions for what you need to send.
- Complete the Response Form at the end of this notice, and mail or fax it to us along with any documentation within 30 days from the date of this notice.
- If you can't get your documentation ready in time, call us to discuss your options.

Be sure to respond within 30 days from the date of this notice so we can quickly review the items being audited, and you may owe additional tax.

Use the forms that require supporting documentation, or what to send, see the enclosed forms.

Form 14950, Premium Tax Credit Verification, to verify what you claimed on your return.

Make your check or money order payable to the United States Treasury for the year 2009, and the form number (2009) on your payment and any correspondence.

Amount due immediately:

Department of Treasury
Internal Revenue Service

Notice CP2091
Tax Year 2009
Notice date March 2, 2009
Social Security Number
To contact us
Your Call ID
Page 1 of 2

You have an unpaid shared responsibility payment fee

Amount due:

Our records show you have an unpaid shared responsibility payment fee for the year ending [year].

The fee allows us to assess the premium amount for not having the minimum essential health insurance for you and your dependents, if applicable.

As a result, your balance is the balance shown on this immediately.

Billing Summary

Shared responsibility payment owed:

Amount due by:

Continued on back.

INTERNAL REVENUE SERVICE

Notice CP2091
Tax Year 2009
Notice date March 2, 2009
Social Security Number
To contact us
Your Call ID
Page 1 of 2

If you address has changed, please call CP2091. Check back if you're unable to locate any correspondence. What you need to do: If you have any questions, call 1-800-829-1040. We'll send you an e-mail notice if we have any correspondence for you. We'll send you an e-mail notice if we have any correspondence for you. We'll send you an e-mail notice if we have any correspondence for you.

Department of Treasury
Internal Revenue Service

Notice CP2091
Tax Year 2009
Notice date March 2, 2009
Social Security Number
To contact us
Your Call ID
Page 1 of 2

Supporting documentation requested

We need you to send us information to support the Premium Tax Credit (PTC) and the shared responsibility payment (SRP) on your tax return. See the enclosed forms for complete instructions for what you need to send.

What you need to do immediately

- Review the enclosed Form 14950, Premium Tax Credit Verification, and provide copies of documentation to verify what you claimed on your tax return.
- Complete the Response Form on Page 2, and mail or fax it to us along with your documentation within 30 days from the date of this notice or we'll disallow the PTC and the SRP on your tax return.
- If you can't get your documentation ready in time, call us to discuss your options.

If we don't hear from you

If you don't call or fax us your supporting documentation within 30 days from the date of this notice, we'll disallow your PTC and the SRP on your tax return that shows the premium obligation for your tax return.

If you receive the information that you previously gave us on at least 30 days:

- If the information supports your return, we'll send your refund and a notice advising you of our decision.
- If the information does not fully support your return, we'll send you a notice that explains the proposed changes, including any additional tax you may owe plus any penalties and interest that may apply.

Department of Treasury
Internal Revenue Service

Notice CP2091
Tax Year 2009
Notice date March 2, 2009
Social Security Number
To contact us
Your Call ID
Page 1 of 2

Notice of intent to seize ("levy") your state tax refund or other property

Amount due immediately: \$

As we notified you before, normally, when you have an unpaid tax liability, we can request the state to seize ("levy") your state tax refund or other property. We are now notifying you that we intend to do so. You must pay the amount due immediately on April 15, 2009.

What you need to do immediately

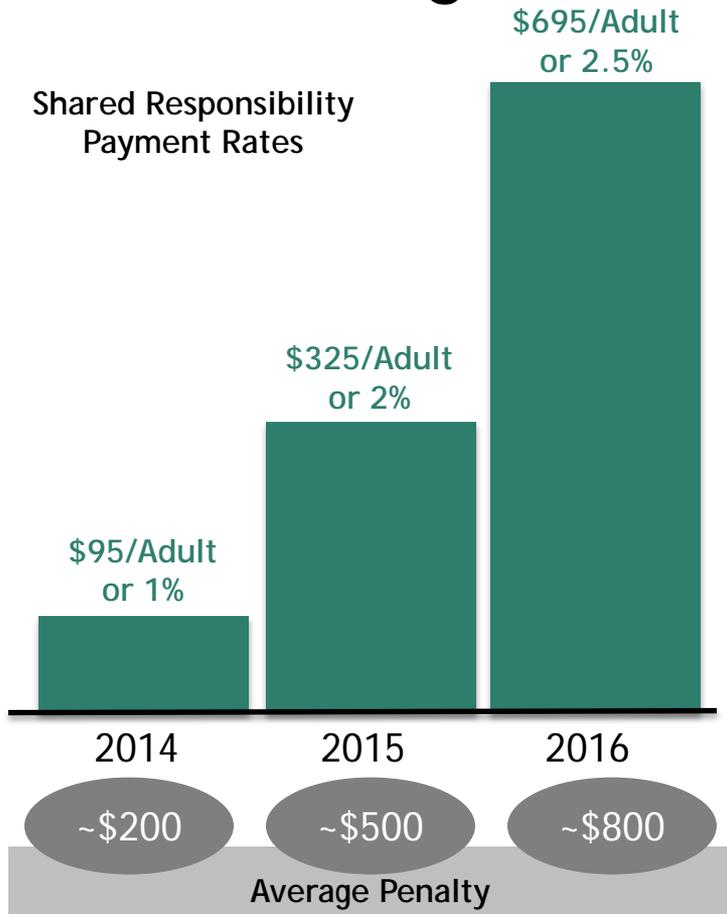
- Make your check or money order payable to the United States Treasury for the year 2009, and the form number (2009) on your payment and any correspondence.
- Write your Social Security number on the payment envelope.

Amount due immediately:



Expect millions to be sent in 2016

Increasing ACA Penalties



- Increased ACA tax penalties for non-coverage
Higher of 2% or \$325/adult for Tax Year 2015
- Average penalty will increase
~\$400-\$500
- Increased motivation to secure qualified coverage
- More interest in exemptions expertise!
- Even higher penalties for 2016!
Higher of 2.5% or \$695/adult

[Get Coverage](#)[Keep or Change Your Plan](#)

More “Reconciliation” Clients

Get a head start now. Enroll Nov 1.

First time applying? [Learn more](#) [here](#)

- Must file using form 8962

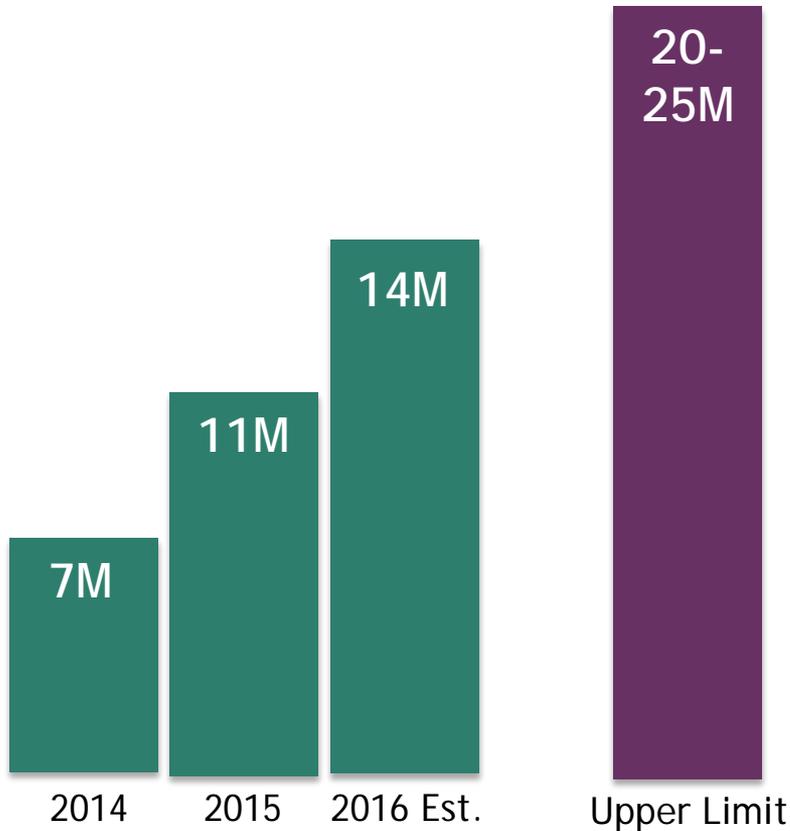
[GET READY TO APPLY](#)[GET READY TO KEEP/CHANGE](#)

- This complexity impacts both prior and a new group of enrollees

- Expect number of impacted filers to double

[NEED A 2015 PLAN?](#)[SEE IF YOU QUALIFY](#)[WILL YOU SAVE?](#)[FIND OUT](#)[UNDER 30?](#)[GET CUSTOM GUIDE](#)[2016 DEADLINES](#)[SEE NOW](#)

Marketplace Enrollment Growth Uncertain



DRIVERS

- Increased Shared Responsibility Payments
- Increased IRS enforcement
- Targeted enrollment outreach efforts
- Easier Marketplace sign up & Auto Re-enrollment
- Medicaid Expansion ...some states

LIMITERS

- Growing employment coverage
- Premium & Out of Pocket Affordability
- Proper documentation/HHS enforcement
- Stalling Medicaid expansion
- High enrollee churn

New Marketplace Enrollment Dates



New 2016
Enrollment Dates



Feb 1: higher penalties “lock in” for 2016 tax year



Continuing Our Enrollment Services
Partnership With





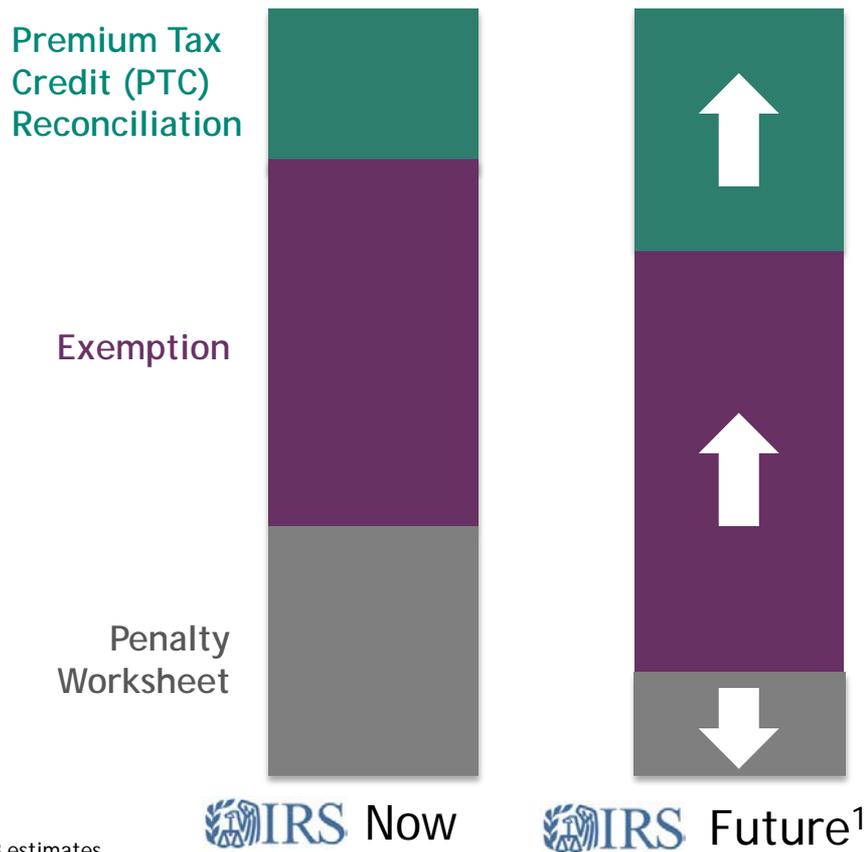
Going Forward

ACA Implications & Expectations

2016 Implications

- Client confusion with new 1095 notices
- Higher penalties will impact filers
- Increased IRS enforcement
- Greater interest in exemption expertise
- Continuing tax refund surprises
- Overall... more ACA-impacted tax clients

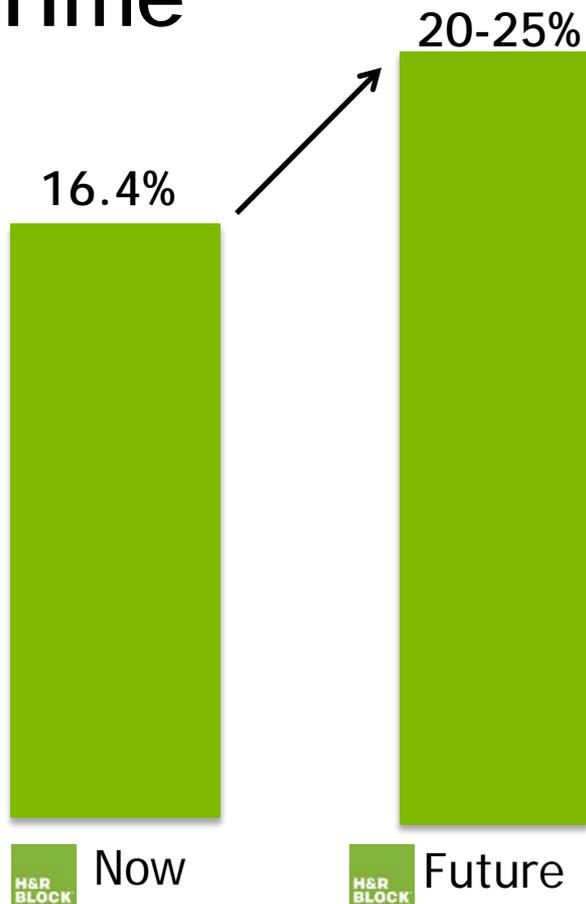
Expected ACA Tax Form Mix Changes



KEY DRIVERS

- Growing Marketplace enrollment
- Higher penalties
- Increased IRS enforcement
- Exemption Expertise

Growth in ACA-Impacted Clients Expected ...Over Time



IMPLICATIONS

- Client growth
- Client retention
- Higher tax preparation fees

What We Covered



What
Happened
in 2015



What's New
For 2016



Going Forward
Implications &
Expectations

H&R Block is best positioned as ACA tax impact continues to expand because of our....

TRUSTED
BRAND

TAX
EXPERTISE

NETWORK
INVESTMENT
& ASSETS

CLIENT
PROFILE

A decorative graphic on the left side of the slide, composed of overlapping green triangles and squares in various shades of green, creating a jagged, geometric shape.

GREG MACFARLANE

CFO

What We'll Cover

H&R
BLOCK





H&R BLOCK

TAX IMPACT ANALYSIS

THURSDAY 9AM - 9PM

QUESTIONS

YOU COULD GET UP TO \$1000
866-852-9250

FINANCIAL OUTCOME MATTER \$1000

GET YOUR BILLION BACK AMERICA



IS YOUR REFINING IMPACTED
¿AFECTARÁ TU REEMBOLSO

JAN. 8 8 DE ENERO

OPEN

Q2 Overview

Q2 FY16 Summary - Continuing Operations



	Actual		Adjusted	
	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2015
(in millions, except EPS)				
Revenue	\$ 128	\$ 135	\$ 128	\$ 135
EBITDA	\$ (181)	\$ (148)	\$ (169)	\$ (149)
Pretax Loss	\$ (238)	\$ (201)	\$ (226)	\$ (202)
Net Loss	\$ (143)	\$ (113)	\$ (135)	\$ (114)
Weighted-Avg. Shares - Diluted	266.3	275.1	266.3	275.1
EPS	\$ (0.54)	\$ (0.41)	\$ (0.51)	\$ (0.41)

Note: Adjusted amounts and EBITDA (earning before interest, taxes, depreciation, and amortization) are non-GAAP financial measures. Please refer to our Dec 7, 2015 earning release for more specific information.

Limited Mortgage Exposure Expected



- Sand Canyon Corporation (SCC), H&R Block's legacy sub-prime mortgage loans business has been in wind-down, including its remaining obligations under representation and warranties (R&W), since it ceased originating mortgage loans in December 2007
- SCC has neither issued nor securitized mortgage loans in the past 7 years
- SCC remains engaged in bulk settlement discussions with the counterparties from which SCC has received a significant majority of its asserted claims
- Accrual for representation and warranty claims of \$154M at October 31, 2015
- SCC is, and has always been, operated as a separate legal entity from H&R Block; H&R Block believes its legal position is strong on any potential corporate veil piercing arguments

YTD Highlights

Formally exited
banking system

Simultaneously entered into
new banking relationship

Announced new
capital structure

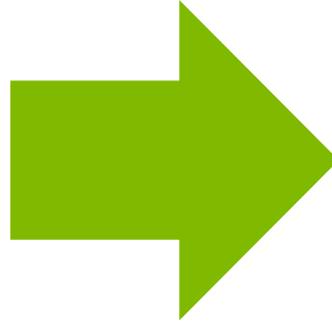
Executed key parts of
capital structure

Why Exit the Banking System?



- Initially chartered to offer banking products to unbanked/underbanked tax clients
- Dodd-Frank Act of 2010 imposed restrictive capital requirements on H&R Block, Inc. as the holding company of H&R Block Bank
- Capital requirements didn't make good business sense under current business model

Post Regulatory Approval, We Moved Fast



Regulatory approval
of H&R Block Bank
divestiture

Closed divestiture in
less than 30 days

Successful Bank Transition



- No longer regulated as a savings and loan holding company
- Successfully transitioned operations to BofI
- Currently offering Emerald Advance, ready to offer other products in the upcoming tax season
- Seamless client experience

Financial Impact of Bank Divestiture

Annual Impact, \$M	Revenue	Expense/ Other	EBITDA/ Pretax Inc.
BofI Management Agreement Economics	\$(12)-(15)	\$18-20	\$(30)-(35)
Lost Interest Income on AFS Securities	(6)	-	(6)
New Accounting Treatment	(9)	(9)	-
Total Annual Impact	\$(27)-(30)	\$9-11	\$(36)-(41)
<i>Net Impact FY16 vs. FY15</i>	<i>~(1)% decrease</i>	<i>~0.5% increase</i>	<i>~1 pt drop in EBITDA margin</i>

Note: See description of non-GAAP measures earlier in this presentation.

New Capital Structure

Line of Credit

- Upsized from \$1.5B to \$2.0B
- Covenants in line with new financial structure
- Provides seasonal liquidity for next 5 years

Long Term Debt

- Added \$1B of long-term debt in two tranches:
 - \$650 million, 4.125% notes due 2020
 - \$350 million, 5.25% notes due 2025

Share Repurchase Program

- \$3.5B repurchase program runs through June 2019
- Completed \$1.5B Tender Offer October 2015
- ~40.5 million shares repurchased at \$37.00 per share
- Current shares outstanding: ~236M

Capital Structure Now Aligned With Our Strategy and Business Model

Strategy

The leading global consumer tax company

Business Model

Strong free cash flow generation, high margins, & quick cash conversion cycle

Low capital needs, primarily technology & office infrastructure, ... approx 3-4% of revenues a year

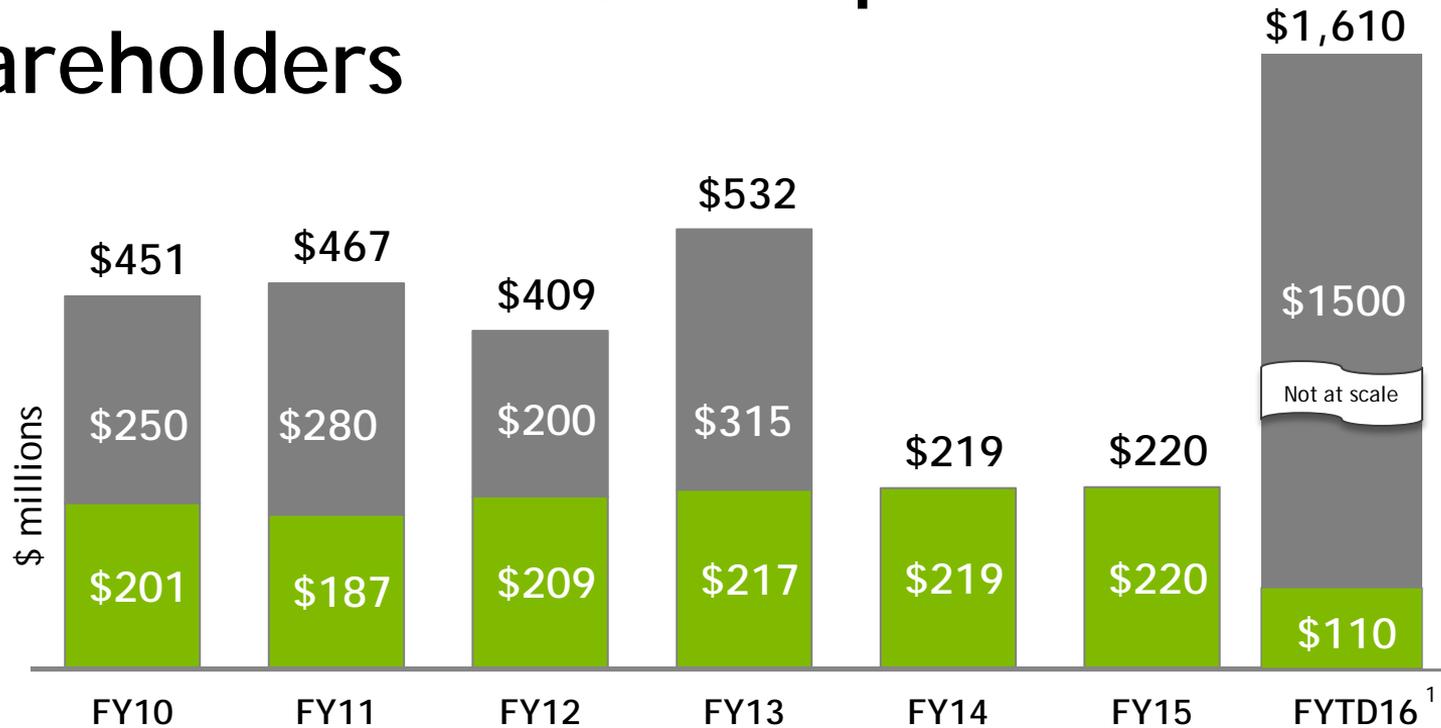
Seasonal working capital needs due to the offseason cash burn

Debt Capacity

- Current long-term credit ratings of BBB stable/Baa3 stable at S&P and Moody's, respectively
- Investment grade ratings metrics assume adjusted gross debt to adjusted EBITDA ratios of 2.5 to 3.0¹
- As of Oct. 31, HRB's adjusted gross debt to adjusted EBITDA ratio is approximately 2.2 - 2.5 based on outstanding long-term debt as of Oct. 31, historical EBITDA levels and possible future average line of credit draws

¹ Adjusted gross debt to adjusted EBITDA is based on a rolling 4-quarter average of outstanding short-and-long-term gross debt and includes adjustments to gross debt and to EBITDA for items such as operating leases. Refer to SEC filings for additional information.

Substantial Return of Capital to Shareholders



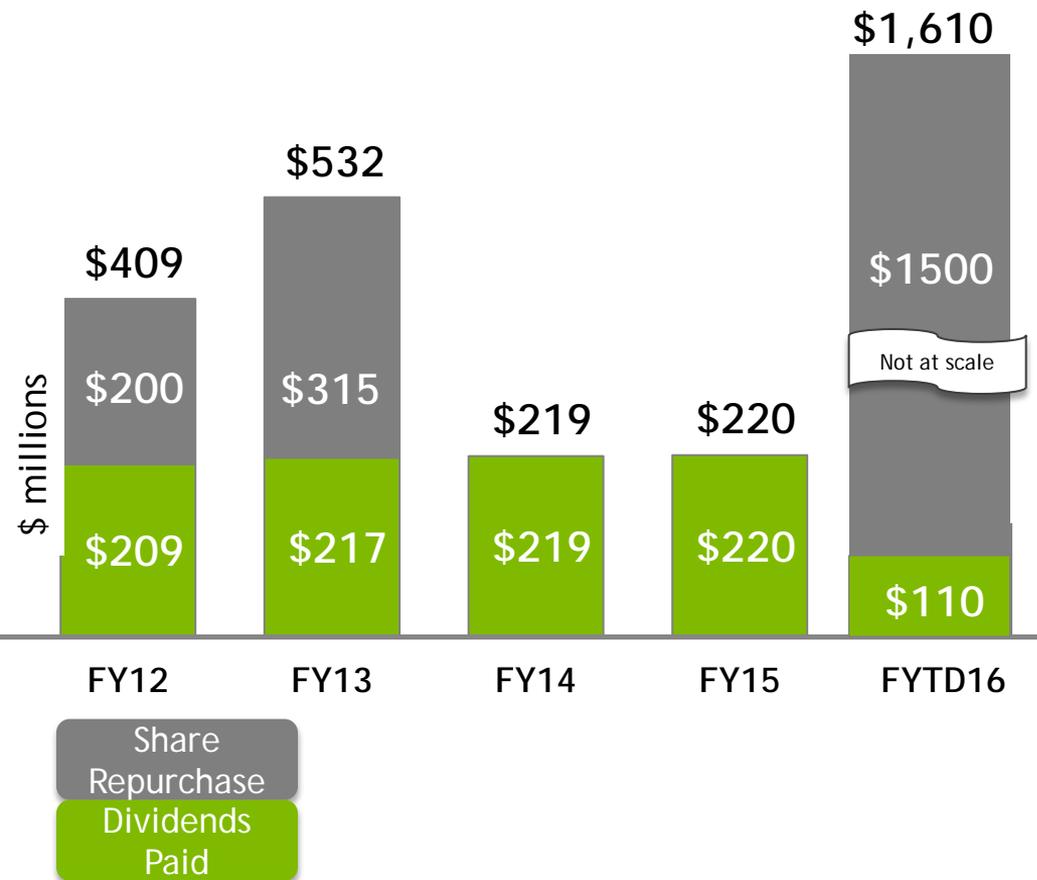
Share Repurchase

Dividends Paid

% of Net Income-cont ops	FY10	FY11	FY12	FY13	FY14	FY15	FYTD16 ¹
	99%	119%	118%	114%	44%	45%	N/A

¹ Represents dividends paid and share repurchases through December 7, 2015. Refer to press releases issued and SEC filings from September and October 2015 for additional information.

... Especially the Last 4 ½ Years



Since May 2011:

- Repurchased ~76M shares (~25% of shares outstanding)
- Raised the dividend 33%
- Returned a total of ~\$3.0B of capital

H&R Block & the Tax Industry

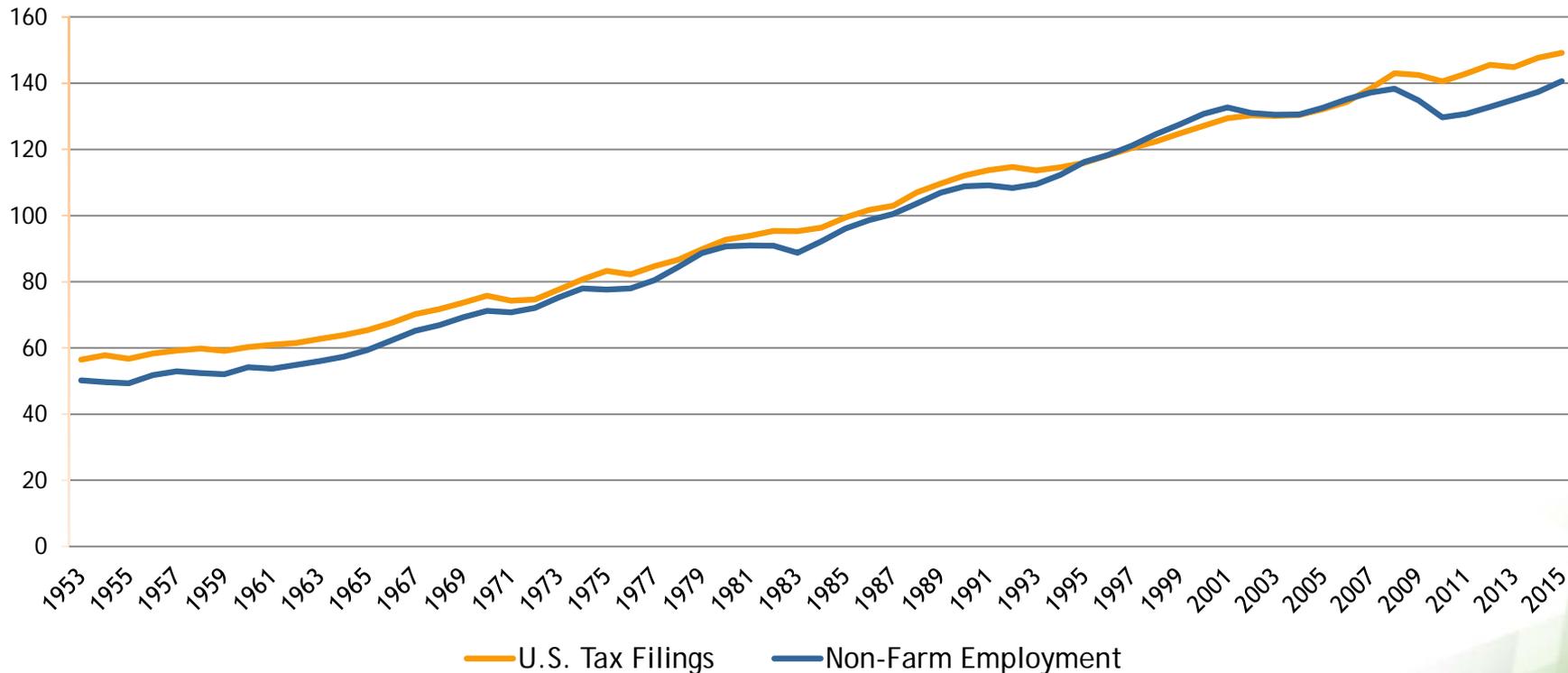


We invented this industry.
We are here for the long term.
We will be successful.

Large, Resilient Industry That Grows With Employment



U.S. Tax Filings (in millions)



Industry Pricing is Inelastic

- Taxes are non-discretionary
- Complexity-based pricing model
- Approximately 75% of all tax filers get a refund¹; for many it's their most significant financial event each year

We Know More About Tax Preparation Than Anyone



Founded
the industry

680+ million
returns
since 1955

Largest
tax prep
provider

Only real
omni-channel
provider

File ~1 in 7
U.S tax returns

Large amounts
of data;
understand
customer needs

Ability to
acquire best tax
prep businesses
in industry

We Are All In

We only compete in one
space...TAX

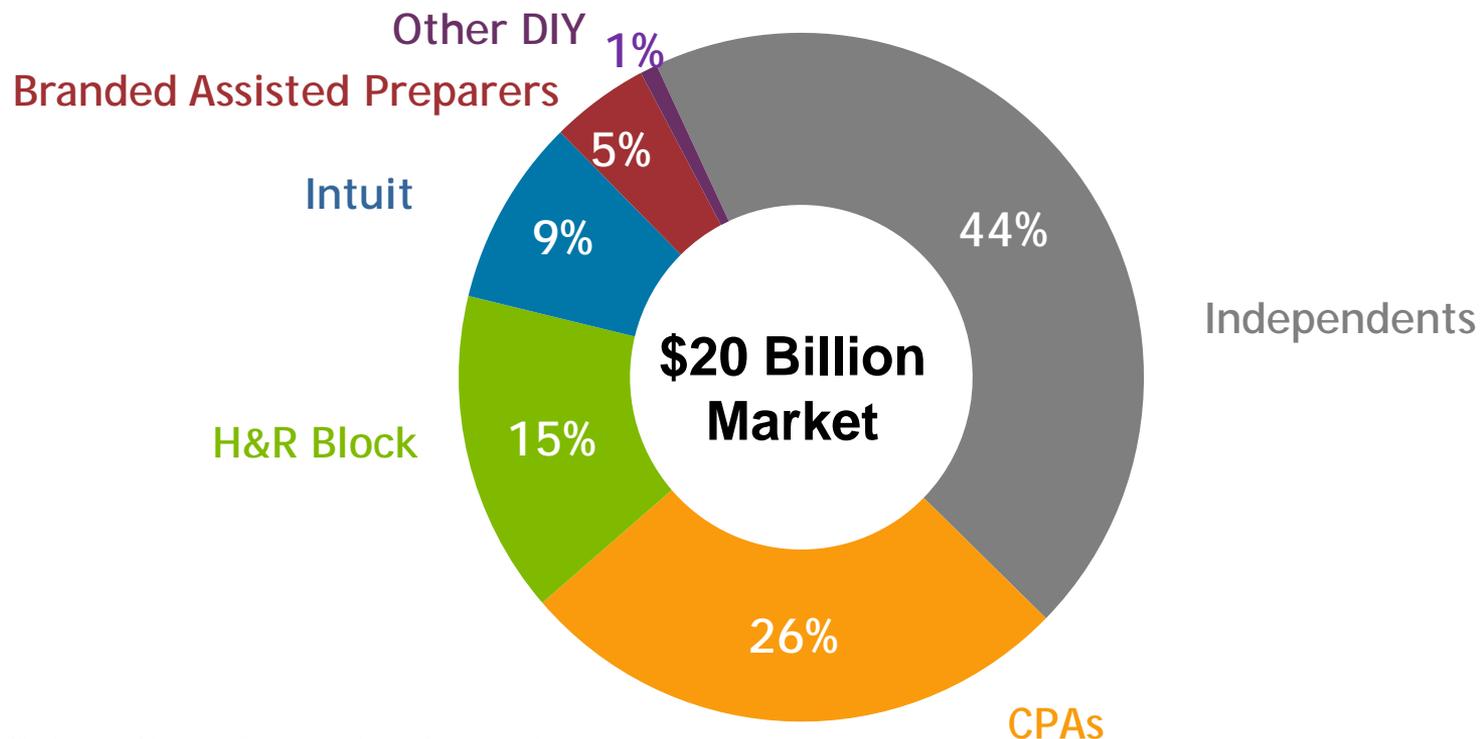
No distractions with non-core
businesses

Help from one end of the
preparation spectrum to the
other

DIY ← → ASSISTED

HRB is Well-Established & Positioned to Grow

U.S. Industry Tax Preparation Revenue



We are not solving for a quarter.

We provide a lifetime experience for
our clients.

Maintaining longer-term focus is critical.



H&R BLOCK

674

674
BILLIONS BACK
H&R BLOCK
WALKING WELCOME
SHOP OFFERS AVAILABLE

IS YOUR REFUND
IMPACTED
BY THE UNEMPLOYMENT CLAIM ACT?
¿AFECTARÁ TU
REEMBOLSO
JAN. 8 8 DE ENE.

678
CENTRAL S
BUILDING

Looking In

Brand Says it All



I Am Doing My Own



INCOME TAX!

Give us all your tax worries in all probability, we can save you much more than our minimal charge when we prepare your tax returns. Our service is accurate, quick and complete!

\$500

FEDERAL AND STATE

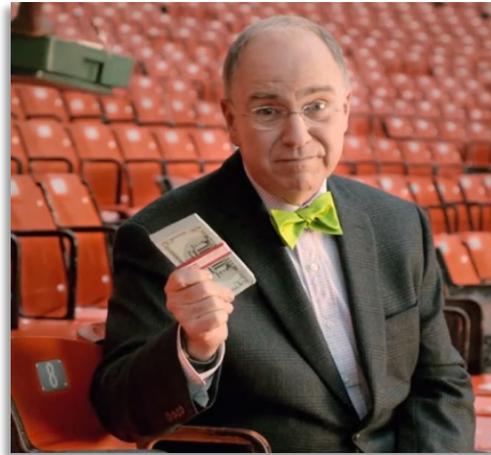
We also offer a COMPLETE BOOKKEEPING SERVICE that includes:

- Double Entry Book Keep System
- Preparation of All Tax Returns
- Financial Statements

This Complete Service Only \$8.33 Monthly

UNITED BUSINESS CO.

3937 MAIN ST. J.E. 6400



96%

Brand Awareness¹

¹Source: Millward Brown

We Have the Capital to Make Things Happen

1 Provide Adequate Funds for Operational and Liquidity Needs

- ✓ Consistent and Stable Earnings
- ✓ High Margins
- ✓ Significant Free Cash Flow
- ✓ Seasonal Liquidity Needs
- ✓ Strong Capital Efficiency
- ✓ Superior ROIC

2 Invest in Strategic Initiatives

- ✓ Affordable Care Act
- ✓ CRM
- ✓ Information Security
- ✓ Office Footprint
- ✓ Digital
- ✓ International
- ✓ Tax Plus
- ✓ Franchise/Independent A&D

✓ Block Advisors

3 Support Quarterly Dividend

- ✓ 213 consecutive dividends; current ~2.2% yield; 46% div. payout ratio in FY15

4 Strategic Returns of Capital

- ✓ Ceased being regulated as a savings a loan holding company

Unmatched Distribution

H&R
BLOCK



Block Advisors

H&R Block Premium was an underutilized asset with a history of revenue growth

- Rebranded and redesigned to better meet clients' needs
- Investment within targeted capital expenditure levels

Longer-term strategic opportunity



Looking Out



Increased Standards are Inevitable



H&R BLOCK

Quality

- Should be a baseline in the industry
- Taxpayer protection is paramount

Fraud

- Impacts all
- It will be fixed

HRB Well-Positioned for DIY Changes

DIY

Value DIYer:
Competitors lose
ability to compete
on **price alone**



Premium DIYer:
Category leader **raising price** to fund simple filer pricing



Healthcare is Here to Stay



A woman with long dark hair and a man in a light blue shirt are sitting at a desk in an office. They are looking towards the right side of the frame, presumably at a computer monitor. The background is a blurred office environment with windows and other desks.

H&R Block is best positioned as ACA tax impact continues to expand because of our....

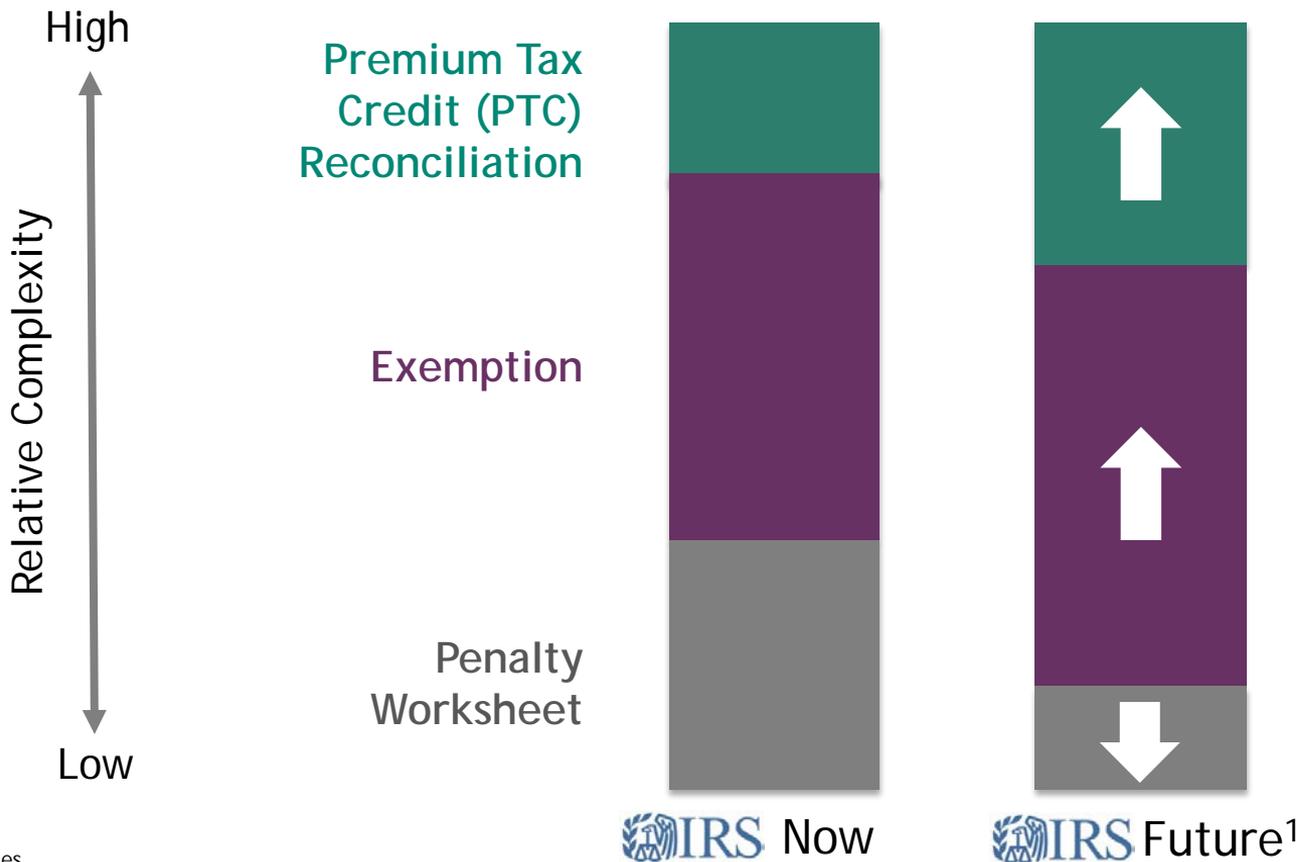
TRUSTED
BRAND

TAX
EXPERTISE

NETWORK
INVESTMENT
& ASSETS

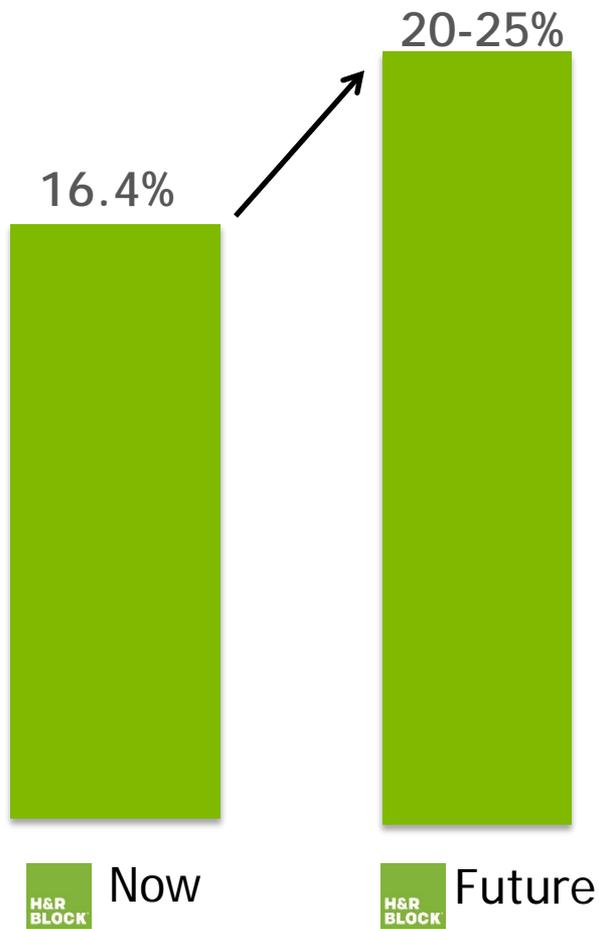
CLIENT
PROFILE

Expected ACA Tax Form Mix Changes



¹HRB estimates

Growth in ACA-Impacted Clients Expected ...Over Time



 Now

 Future

H&R BLOCK

IT'S
REFUND
SEASON.

LLEGÓ LA
TEMPORADA
DE REEMBOLSOS.

UP TO
BILLIONS BACK



UP TO
BILLIONS BACK

OPEN

IT'S
REFUND
SEAS



Financials

H&R
BLOCK
FREE
DROP-OFF
SERVICE

H&R BLOCK.COM
800-H&R BLOCK

Four Key Components of Revenue

PRICE

VOLUME

MIX

ATTACH

Four Key Components of Revenue

PRICE

*Pleased with results
Strategic vs. tactical
approach*

VOLUME

MIX

ATTACH

Four Key Components of Revenue

PRICE

VOLUME

*Disappointed with assisted
results, mostly early season
Multi-year solution*

MIX

ATTACH

Four Key Components of Revenue

PRICE

VOLUME

MIX

*Pleased with improvement
Focus on lifetime value*

ATTACH

Four Key Components of Revenue

PRICE

VOLUME

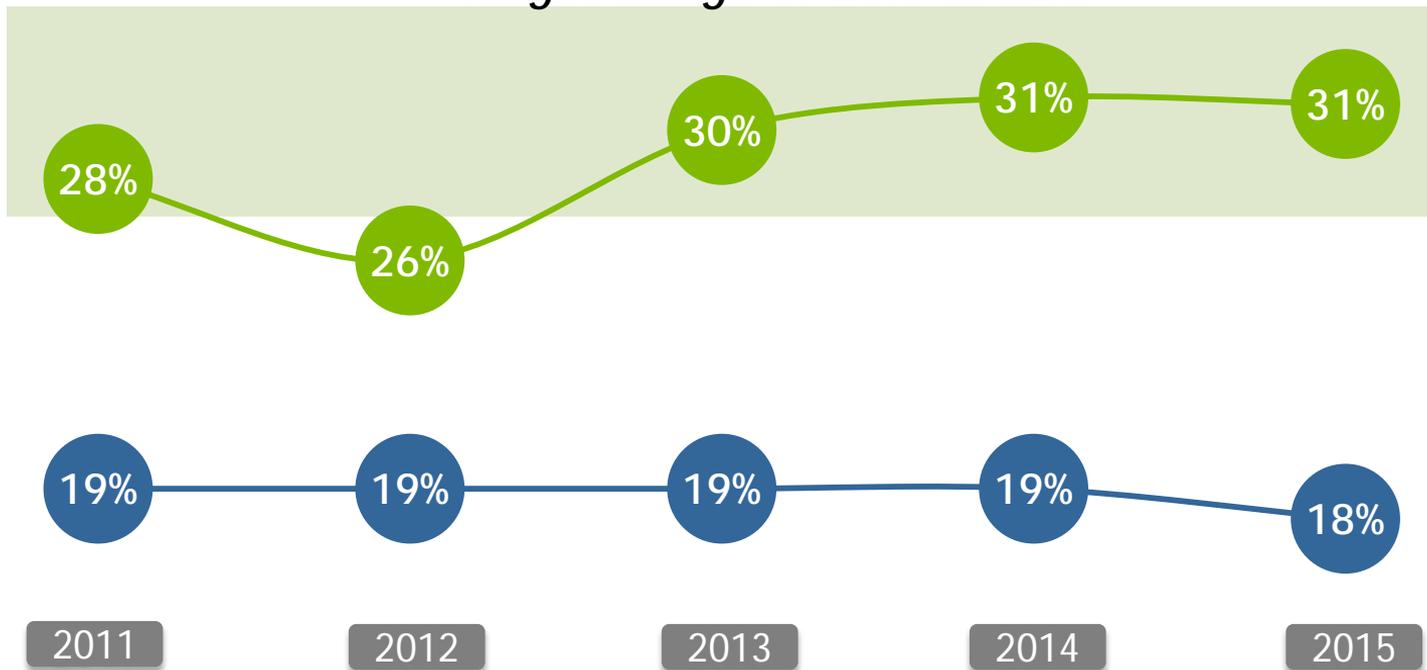
MIX

ATTACH

Pleased with attach rates
Strong product offerings

Strong EBITDA Margin Outperforms Peers

Target Range of 28% to 32%



S&P
500¹

¹Source: Bloomberg
Note: All numbers represent continuing operations

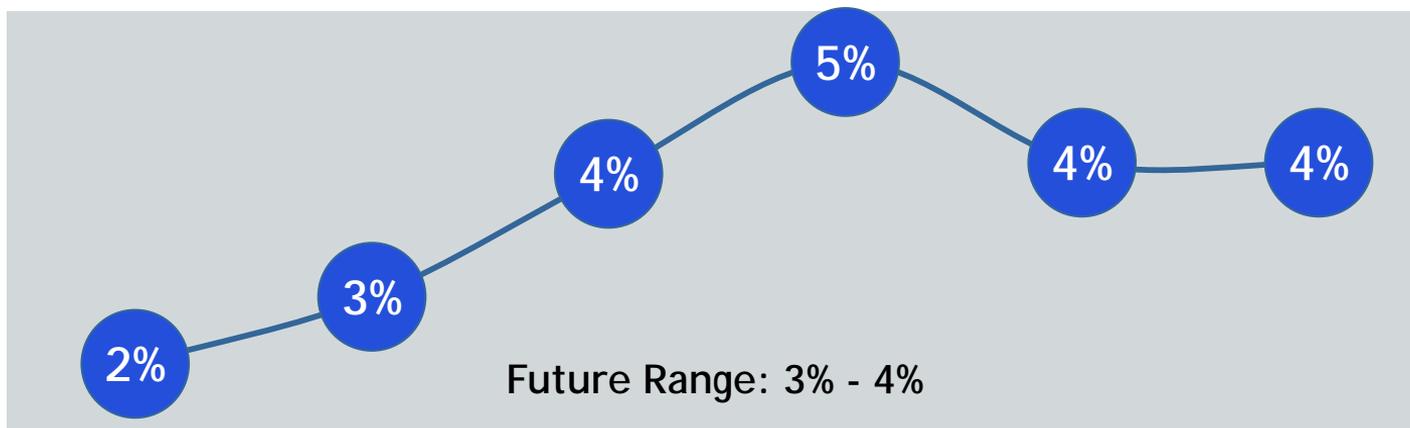
Capital-Light Model

Peak Year: FY2020

D&A
(\$M)



CapEx
% of
Revenue



FY11

FY12

FY13

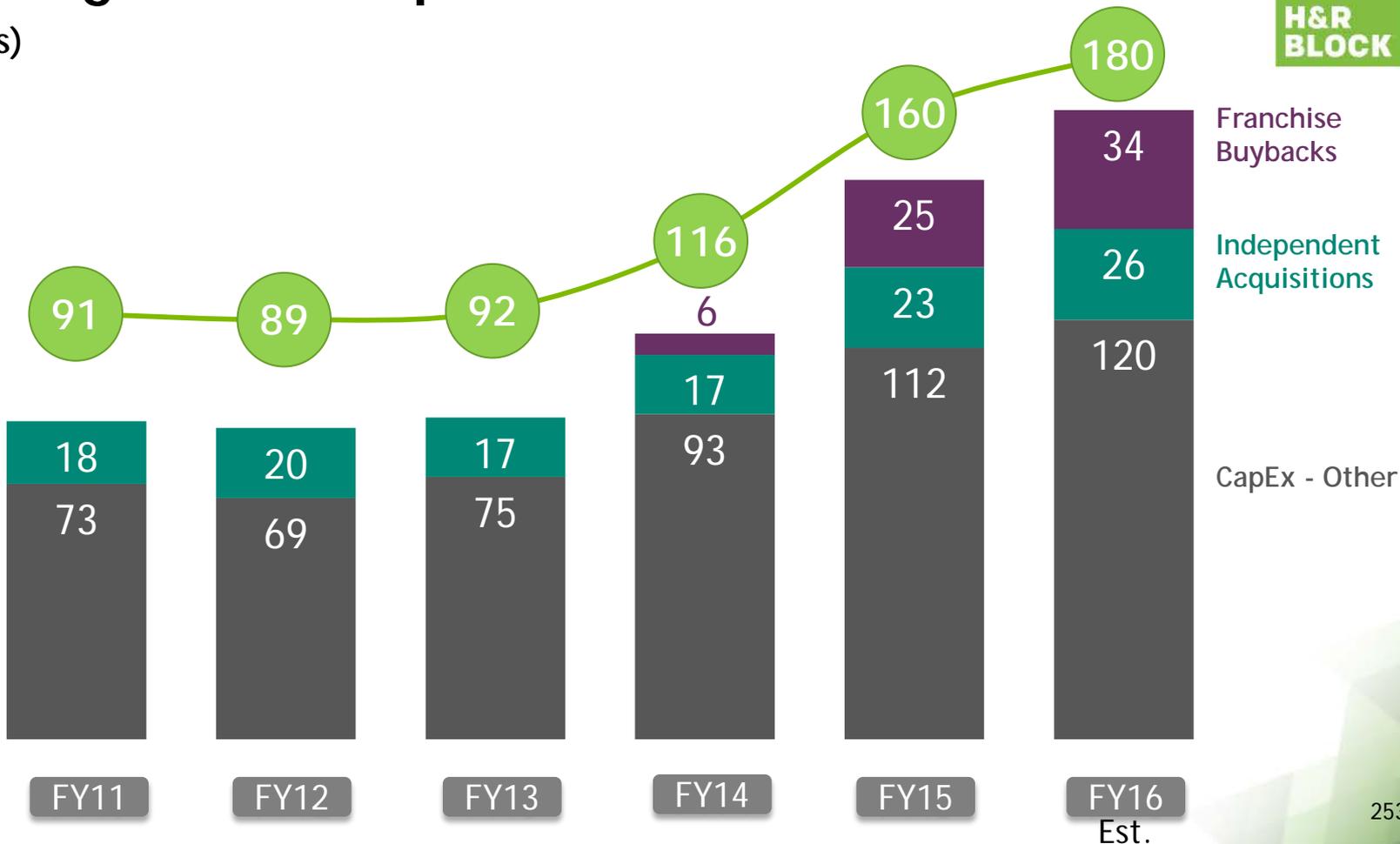
FY14

FY15

FY16
Est.

Breaking Down Depreciation & Amortization

(\$ millions)



Franchise Buybacks Winding Down; Independent Acquisitions Continue

Franchise Buybacks

- Repurchasing offices previously sold to franchisees
- Purchased 341 offices in FY15, expect ~260 offices in FY16
- Attractive rate of return
- Company-run to franchise split expected to be approx. 65%/35%
- Likely minimal buyback opportunity after Tax Season 2016

Independents

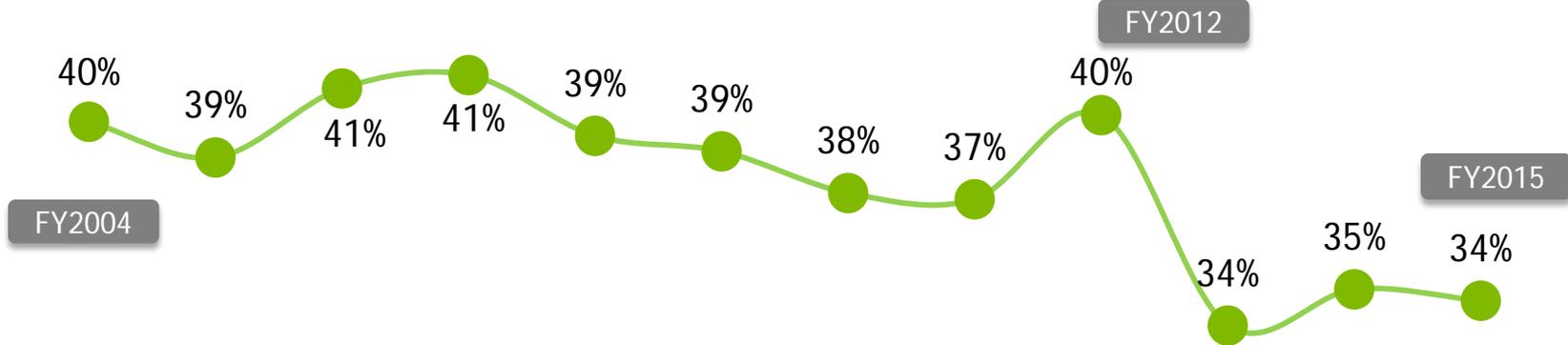
- Acquiring quality businesses on annual basis
- Attractive rate of return
- Expansion into key client segments
- Arbitrage opportunity
- Fewer available quality businesses going forward

Consistently Strong ROIC



A Focus on Income Taxes

HRB Effective Tax Rate



Then

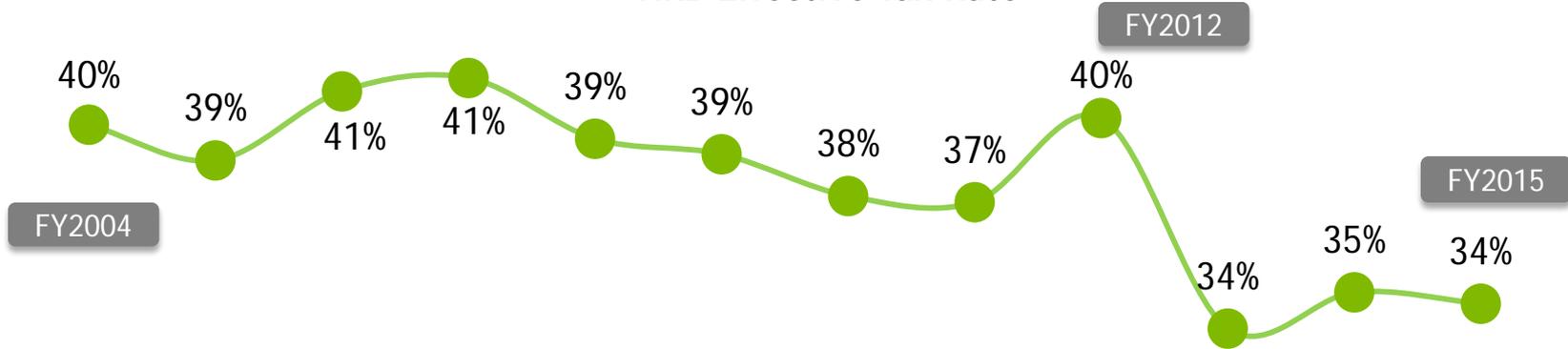
- High-end of corp. tax rate
- Driven by distribution model
- Tax compliance/accounting issues

Now

- Cleaned up compliance/accounting issues
- Active planning and focus
- Executed a number of strategies both one-time and long-term
- Established efficient structures for non-U.S. cash

A Focus on Income Taxes

HRB Effective Tax Rate



3-Year Savings of ~\$100 million

Future Expected Base Tax Rate: ~35-36%



DO NOT
ENTER

WARNING
PEDESTRIAN CROSSING
BE ALERT ALL
VEHICLES MUST STOP AT THE
NEW STOP LINE
10/10

GET YOUR
BILLION
BACK
AMERICA
and
REGISTRATION
MIL MILLONES
AMERICA

H&R BLOCK

H&R BLOCK
DROP OFFS AVAILABLE
WALK-INS WELCOME

H&R BLOCK

FINANCING UP TO
\$1000
SEE US TODAY
\$1000
FINANCING UP TO
\$1000

H&R
BLOCK
IT'S
YOUR
MONEY
HOME T.L.

ON
PACKAGE
STORE

Outlook

Market Outlook

Market Outlook	FY 2016	3-Year Expectation
IRS Tax Filings	Increase 1 - 2%	Increase 1 - 2% annually
<i>Assisted</i>	<i>Increase 0 - 1%</i>	<i>Consistent growth in assisted</i>
<i>DIY</i>	<i>Increase 4 - 5%</i>	<i>Digital expected to moderate</i>

Financial Impact of Bank Divestiture

Annual Impact, \$M	Revenue	Expense/ Other	EBITDA/ Pretax Inc.	Comments
BofI Management Agreement Economics	\$(12)-(15)	\$18-20	\$(30)-(35)	Trans.-based fees for Emerald Card and Refund Transfer; EA participation
Lost Interest Income on AFS Securities	(6)	-	(6)	Securities liquidated Q2 FY16
New Accounting Treatment	(9)	(9)	-	Reclassification to properly reflect non-banking reporting
Total Annual Impact	\$(27)-(30)	\$9-11	\$(36)-(41)	
<i>Net Impact FY16 vs. FY15</i>	~(1)% decrease	~0.5% increase	~1 pt drop in EBITDA margin	

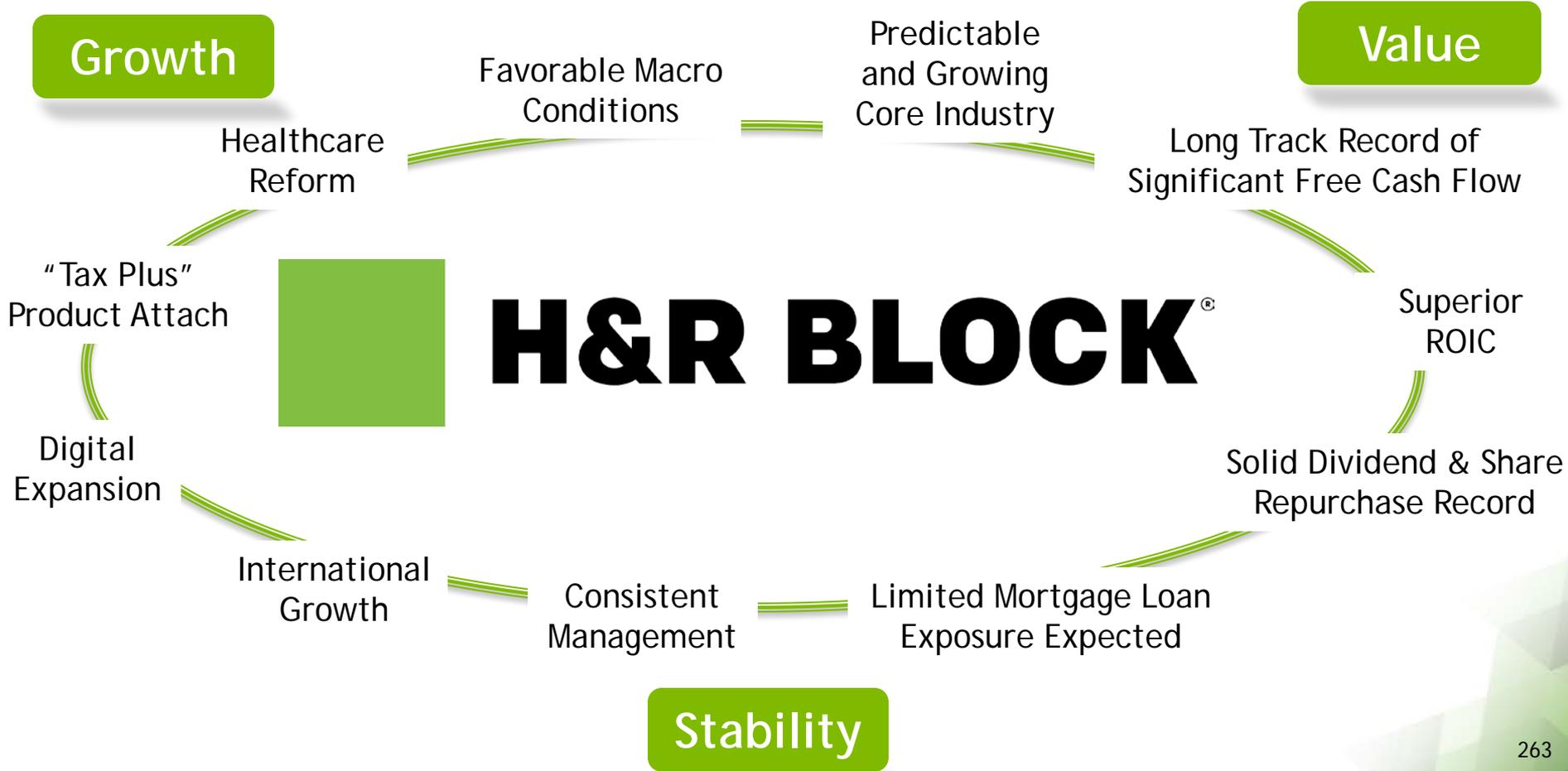
HRB Outlook

HRB Outlook	FY2016	3-Year Expectation
Impact from Bank Divestiture	<ul style="list-style-type: none"> ▪ 1% reduction of overall revenue ▪ 5% reduction in pretax earnings ▪ 1 point reduction in EBITDA Margin 	Continues
One-Time Bank Transaction & Capital Structure Costs	~\$22M	N/A
Foreign Exchange	<ul style="list-style-type: none"> ▪ 1% reduction of overall revenue ▪ ~\$0.01 EPS decrease 	Not providing forecast
Compensation & Benefits	<ul style="list-style-type: none"> ▪ Inflationary increase ▪ FY15 training costs offset by franchise and independent acquisitions 	Inflationary increases
Adjusted EBITDA Margin	29% - 30%	28% - 32%
Interest Expense	\$66M - \$69M	Not providing forecast

HRB Outlook

HRB Outlook	FY2016	3-Year Expectation
Capital Expenditures	~3% - 4% of revenue	~3% - 4% of revenue
A&D/Franchise Buybacks	<ul style="list-style-type: none"> ▪ Independent acquisitions consistent with prior years ▪ Franchise buybacks: approx. 260 offices ▪ Total acquisitions ~\$90M-\$100M 	<ul style="list-style-type: none"> ▪ Franchise buybacks winding down
Depreciation & Amortization <i>Amort. - Acquisition Related</i> <i>D&A - Non-Acq. Related</i>	<p>~\$175M - \$180M</p> <p>~\$58M - \$60M</p> <p>~\$117M - \$120M</p>	<p>~\$180M - \$195M</p> <p>~\$60M - \$70M</p> <p>~\$120M - \$125M</p>
Tax Rate	Effective Tax Rate ~33% - 34%	Base Tax Rate ~35% - 36%
Weighted Average Diluted Shares Outstanding	250M - 255M	Not providing forecast

HRB Investment Thesis



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