



H&R BLOCK[®]
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2012 Investor Conference
December 6, 2012



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Derek Drysdale
V.P. Investor Relations

Safe Harbor Statement



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This presentation and various comments made in connection with it will contain forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “projects,” “forecasts,” “targets,” “would,” “will,” “should,” “could” or “may” or other similar expressions. Forward-looking statements provide management’s current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, income, earnings per share, capital expenditures, dividends, liquidity, capital structure or other financial items, descriptions of management’s plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the Company’s good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the Company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond the Company’s control and which are described in our Annual Report on Form 10-K for the fiscal year ended April 30, 2012 in the section entitled “Risk Factors,” as well as additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.



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Bill Cobb
President & CEO

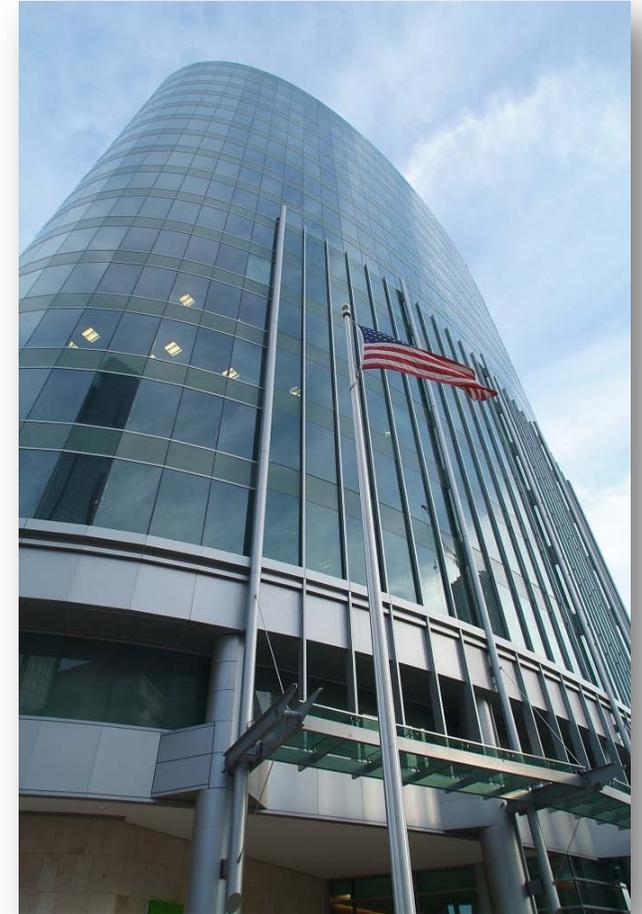
2012 Investor Conference



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Goal: Ensure you leave here with:

- A thorough understanding of how we view the industry
- Where we see opportunities going forward
- How we plan to capitalize on those opportunities
- Why we believe HRB is a good investment



Restoring H&R Block as a Great Company Requires...



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- An understanding of where we've been
- Where we are today
- And where we're heading



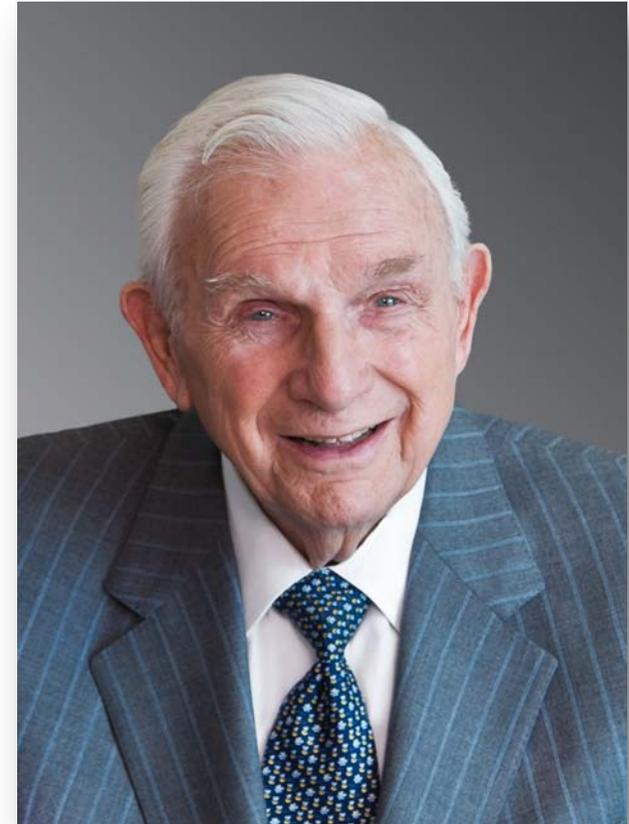
Henry Bloch: Co-Founder's Vision



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“The client always comes first”

- Focus on quality service
- Prepare error-free returns
- Clients will return again and again



Our Journey



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Phase I:

- Family Management
- Deep Tax Knowledge
- Client Focus

Our Journey



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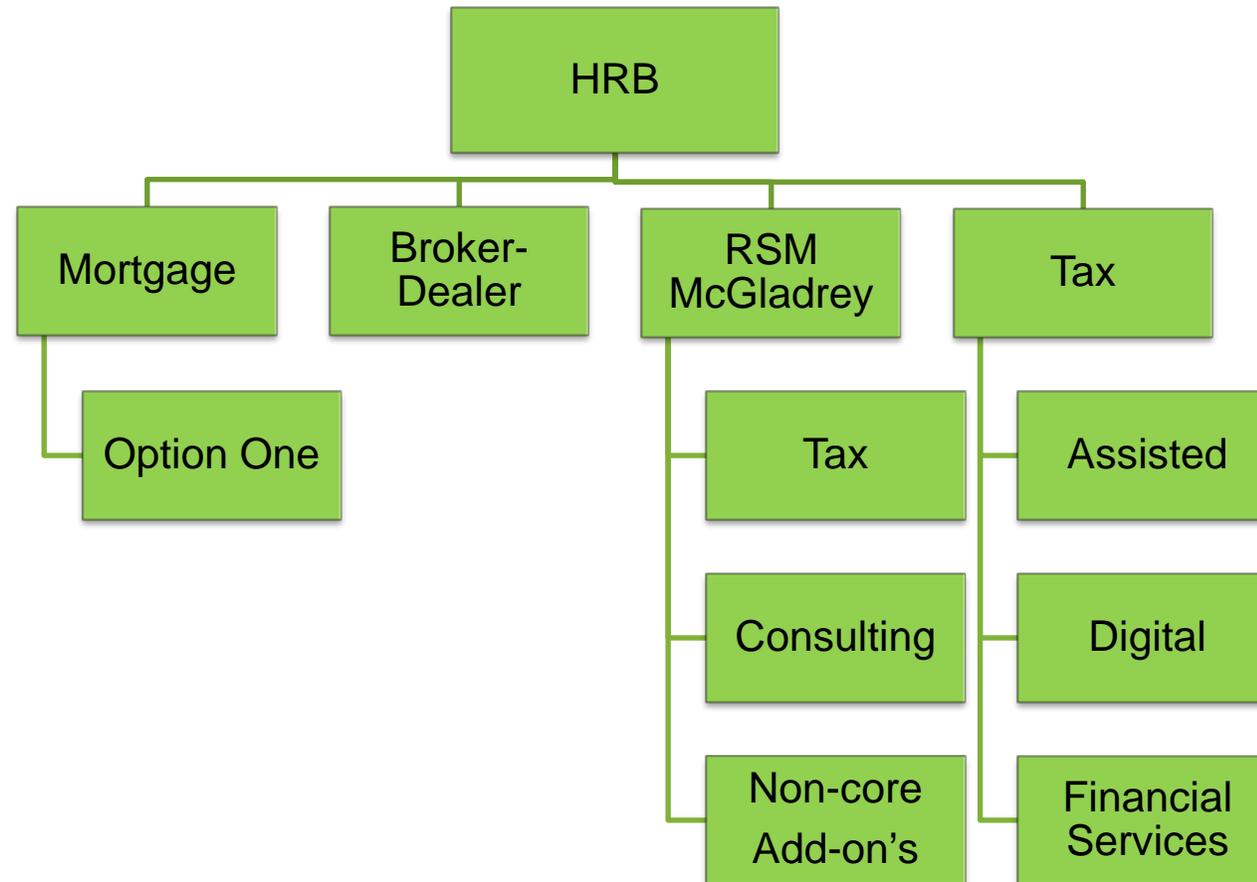
Phase II:

- Outside Management
- Diversification

Outside Management / Diversification



A Holding Company



Our Journey



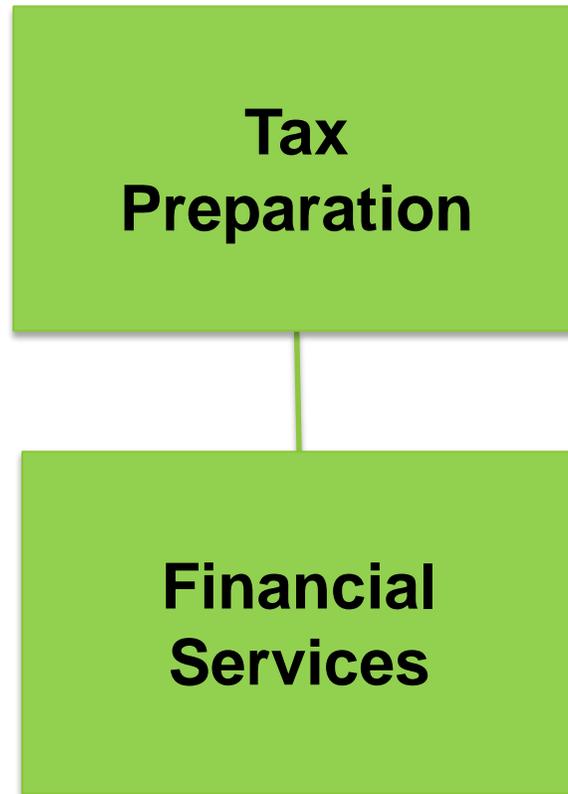
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Phase III:

- H&R Block Today



An Operating Company



Largest Tax Preparer in the World



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- 12,000+ offices worldwide with nearly 100,000 tax pros
- Prepare about 1 in every 6 U.S. tax returns
- 98% brand awareness; only preparer capable of serving clients **anywhere**, **anyway** and **anytime** they choose
- Offer complementary tax and financial services...
3rd largest U.S. general purpose reloadable debit card
- Well established operations in Canada and Australia...
just entered Brazil & India

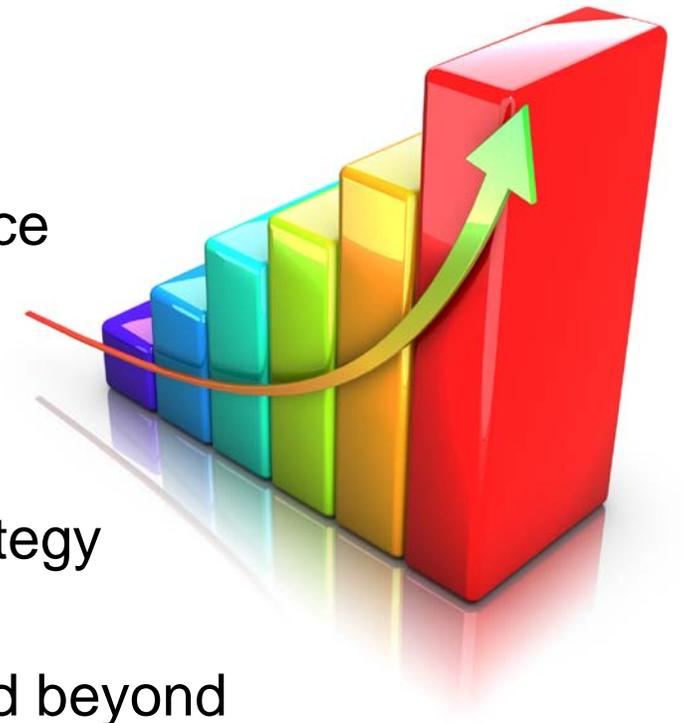


2012: A Look Back



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- 1 Grew clients and share
- 2 Outpaced largest competitors in both assisted and digital
- 3 Set tone on improving service and overall client experience
- 4 Grew Emerald Cards issued and deposits loaded
- 5 Delivered on a shareholder friendly capital allocation strategy
- 6 Laid foundation for significant EPS growth in FY 2013 and beyond



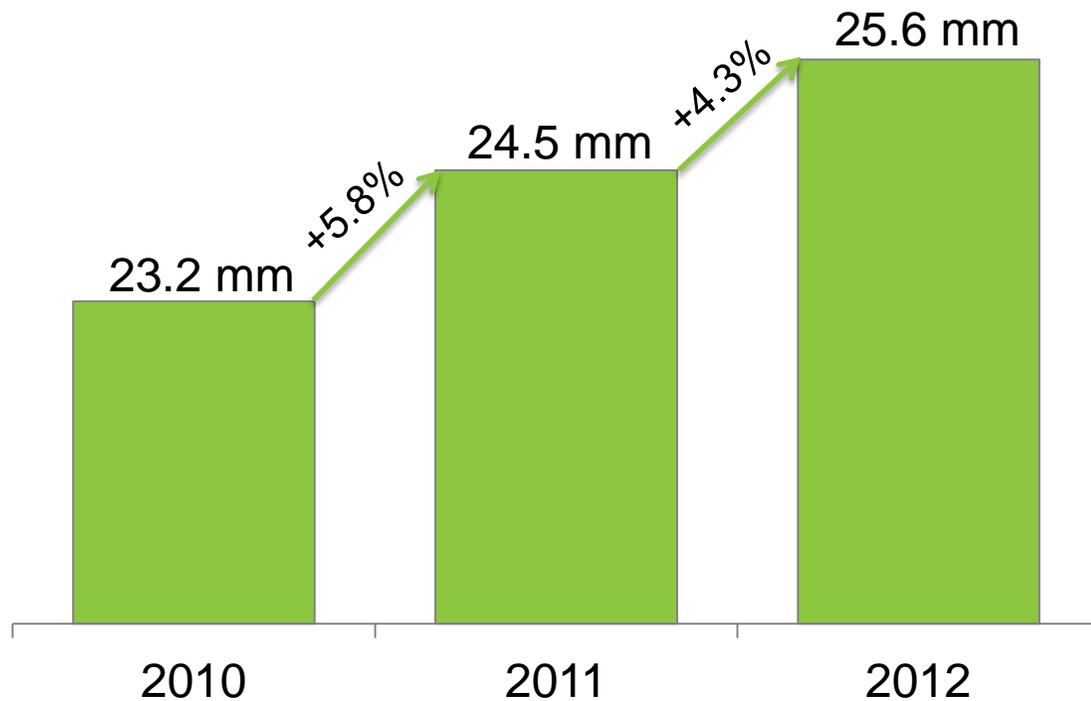
1 Grew Clients and Share



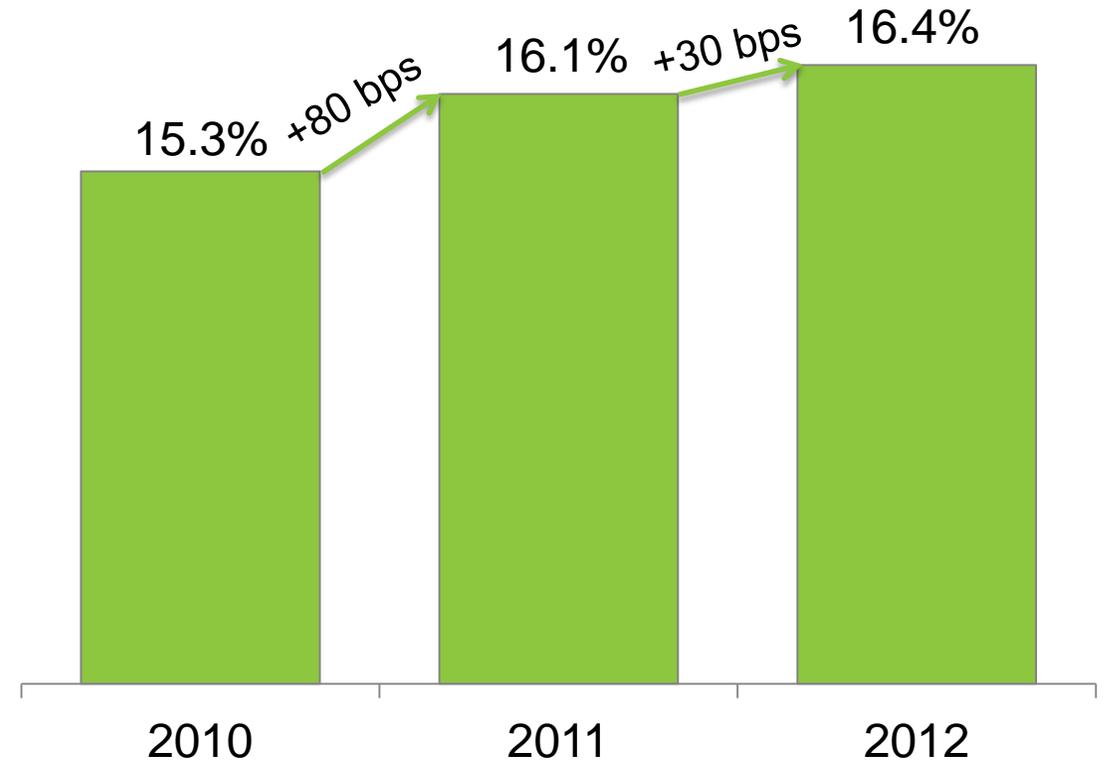
Served record 25.6 mm clients worldwide...

And gained 30 bps of U.S. share

Total Returns Prepared Worldwide



H&R Block U.S. Market Share



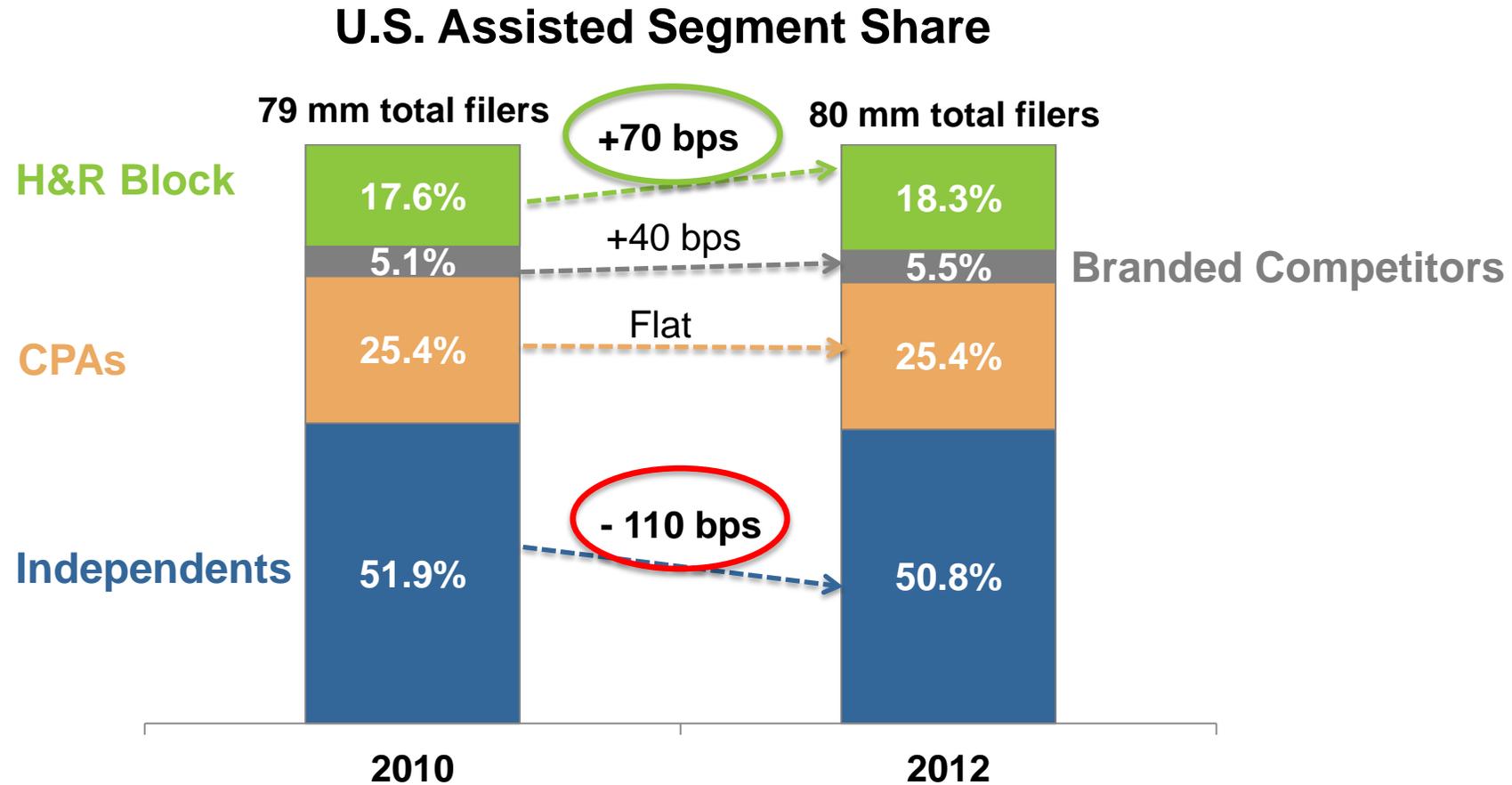
Based on H&R Block estimates and IRS Data

2 Outpaced Largest Assisted Competitors



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Taking share from independents

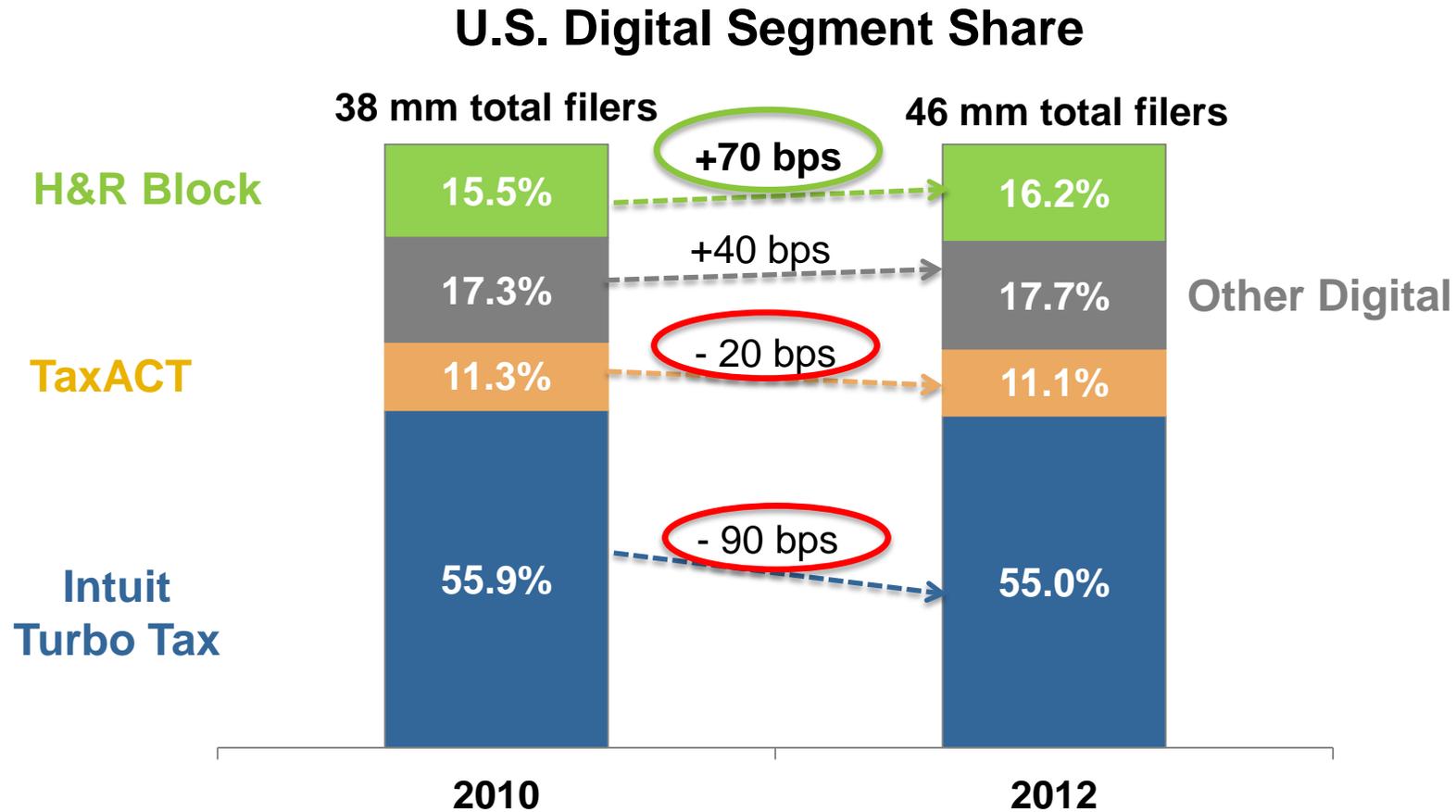


2 And Outpaced Largest Digital Competitors



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Taking share from both Intuit and TaxACT



3

Set Tone on Improving Service and Client Experience



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Significant Improvement in Key Metrics

- Assisted client satisfaction +500 bps to 87%
- Digital net promoter score +500 bps
- Digital awareness +11 pts to 62%

AND...

- Continued to drive industry-leading innovation
 - BlockLive and mobile applications beat our expectations



Brad Smith - CEO of Intuit



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“H&R Block is a wonderful competitor...
What I think they did really well last year is they were fantastic in terms of connecting with the hearts and minds in their marketing message...I thought they had an interesting set of new technologies they came out with.”

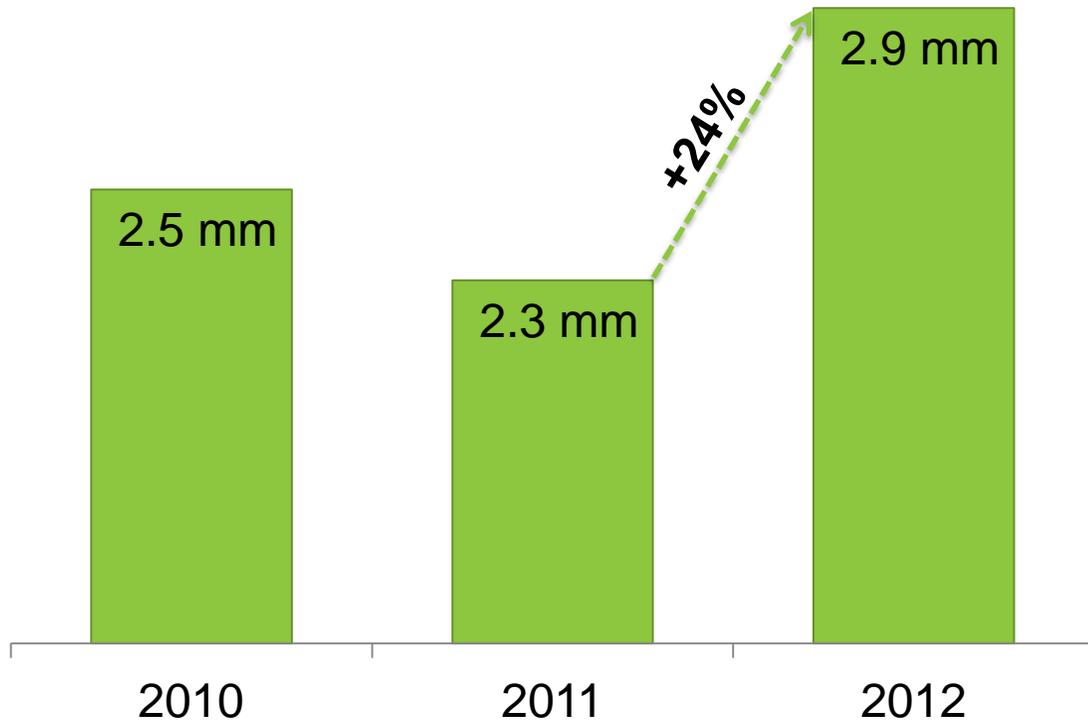
Source: Thomson transcript of Intuit's Annual Investor Day on Sept. 18, 2012

4 Grew Emerald Cards and Deposits Loaded

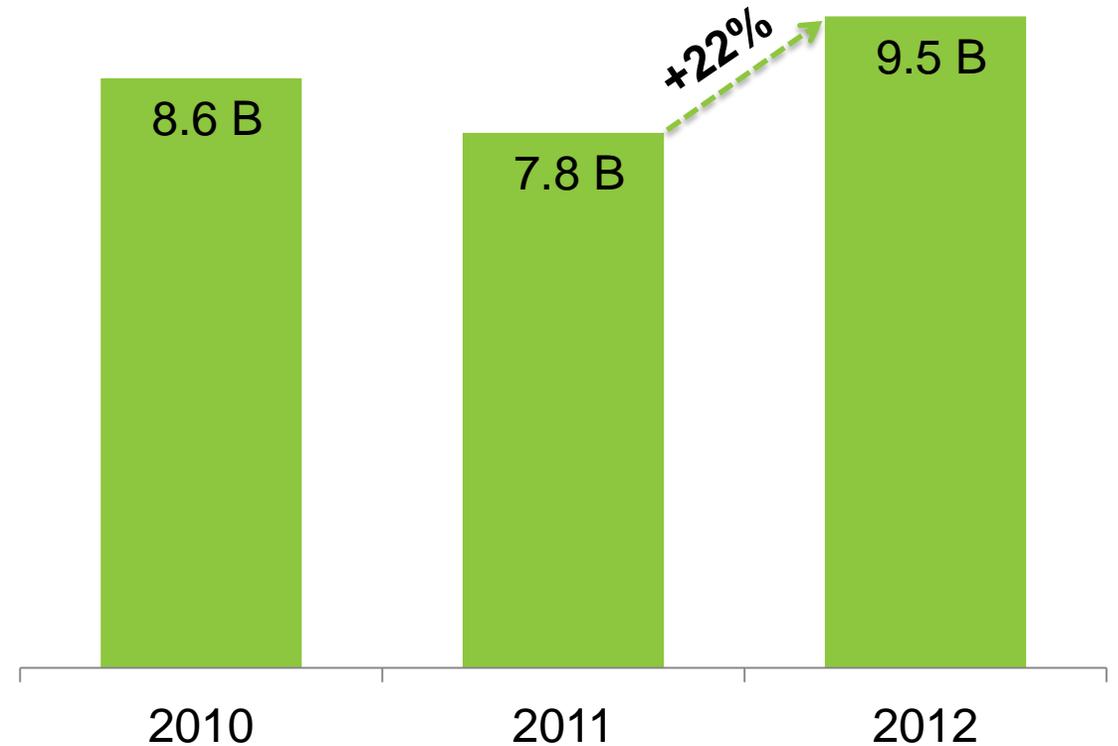


Record 2.9 mm Emerald Cards issued and \$9.5B of deposits loaded

Emerald Card Units



Emerald Card Deposits



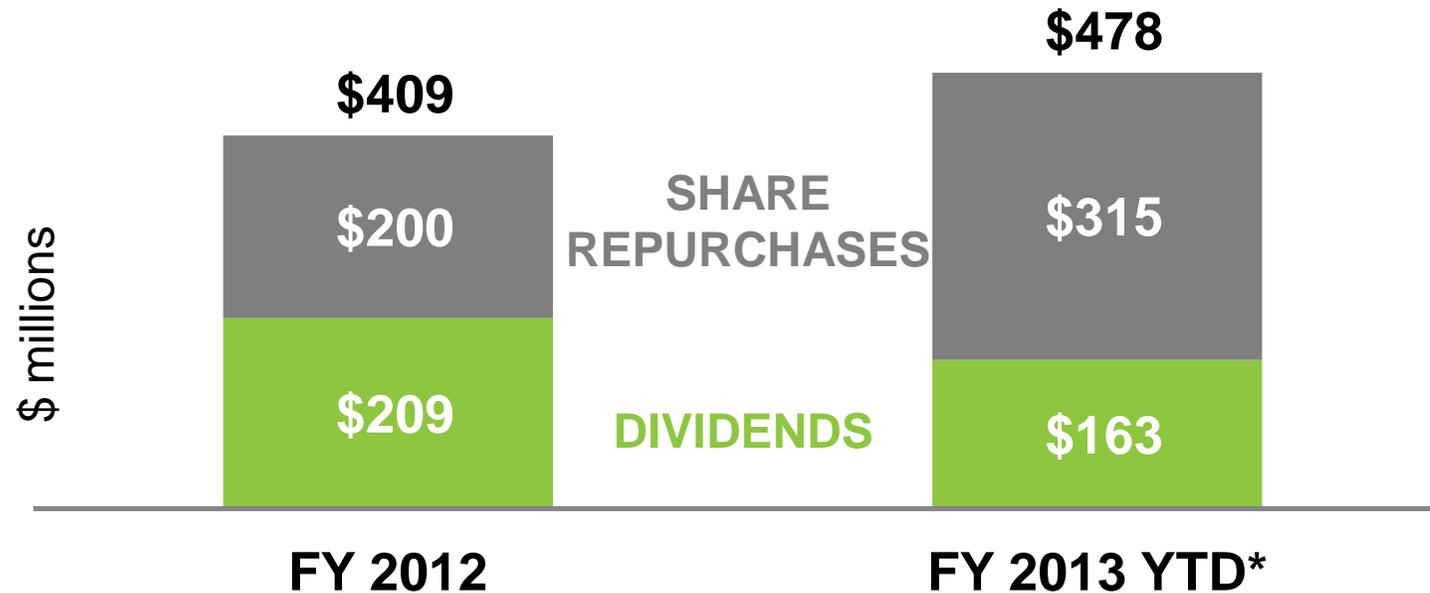
5

Delivered on a Shareholder Friendly Capital Allocation Strategy



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Returned \$887 mm to shareholders since becoming CEO in May 2011



*Amount includes dividend payable on Jan. 2, 2013 to shareholders of record as of Dec. 10, 2012

6

Laid Foundation for Significant EPS Growth in FY13



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We've Made Tough Decisions

- Rationalized our cost structure
- Discontinued the free RAC initiative
- Resolved litigation
- Shed non-core assets



**SHOULD LEAD TO
HIGHER MARGINS**

Looking Ahead: 2013 and Beyond



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Business Mindset Shifts:

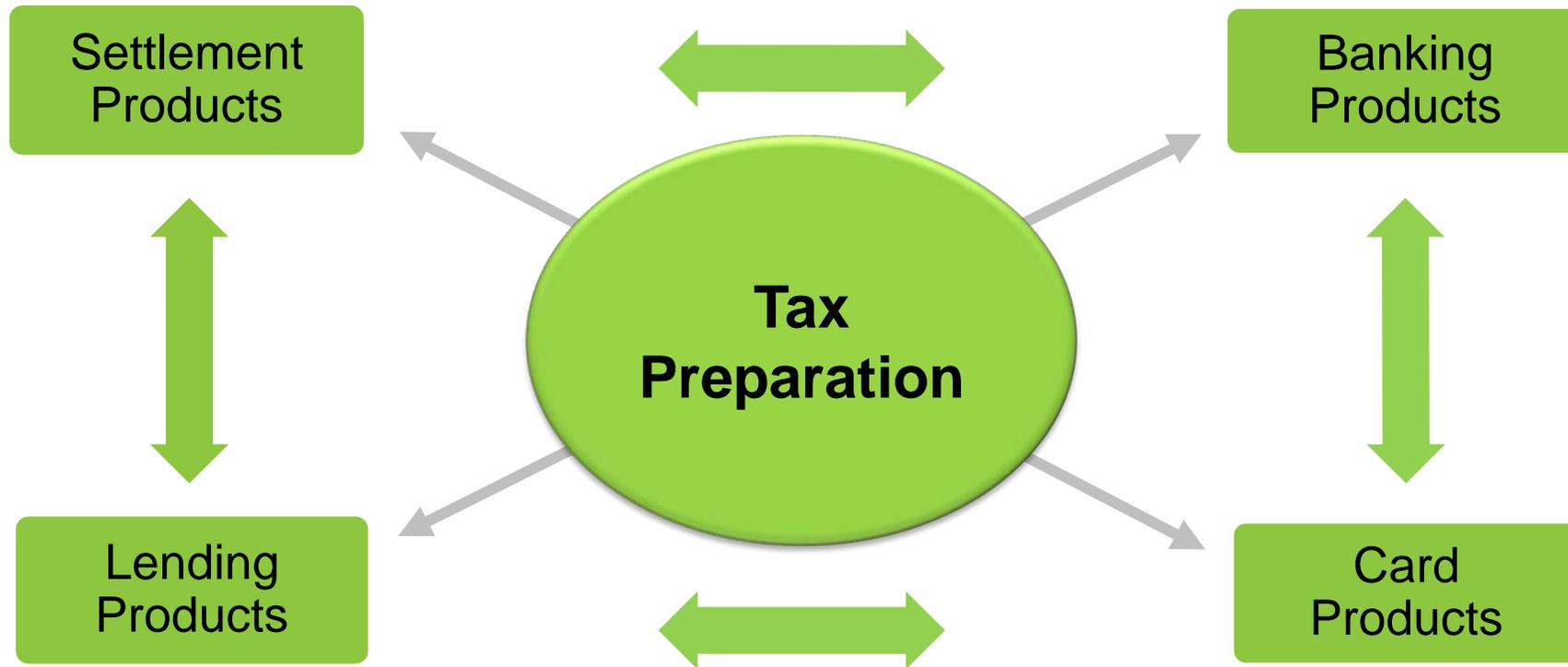
- 1 Tax Plus
- 2 Global
- 3 Year-round
- 4 Consistent Service Quality

1 Tax Plus



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Client-centric company with tens of millions of clients



2 Global



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**International is our fastest growing business:
\$233 mm of revenue in FY12**

Well Established Markets:

■ **Canada**

- 25.7 mm total Canadian tax filers
- 2.5 mm HRB clients; 10% share
- Grew returns 6% and revenue 10% in FY12

■ **Australia**

- 12.8 mm total Australian tax filers
- 700K+ HRB clients; 5.9% share
- Returns up 8% and revenue up 11% FYTD thru 11/30



Expanding Our Global Footprint



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Small, low risk investments focused on profitable and sustainable client growth

■ Entered Brazil in 2012

- Total population: 200 mm
- Total tax filers: 25 mm

■ Entered India in 2012

- Total population: 1.2B
- Total tax filers: 35 mm

■ Carefully evaluating additional expansion opportunities



3 Year-Round

Taxes have become a year-round focus

- Tax client support
 - My Account
- Extend financial product usage
- Health Care tax advice

Today, about 45% of our offices are open year-round

The screenshot displays the H&R Block My Account dashboard. At the top right, it says "Welcome back, JASON" with a "Sign Out" link. The main navigation includes "ACCOUNT HOME", "MY TAX DOCUMENTS", and "TAX TIPS & TOOLS". The dashboard features several key sections:

- A Secure Cloud:** A section for tax document management with a "Start Now" button. It lists features: "Upload and save your tax documents", "View and print your prior year tax returns", and "Share your uploaded documents with your Tax Professional".
- MY TAX PROFESSIONAL MARY BUNNELL:** A profile card for a tax professional, including a photo and icons for "Office Hours", "Contact Info", "Appointment", and "Map".
- EMERALD ONLINE:** A section for Emerald Card services with a "Start Now" button. It lists features: "Access your card history and balance", "View new H&R Block Emerald Cash Rewards offers", "Sign-up for text and email alerts", and "Pay monthly bills and more!".
- MY PERSONAL ACTION PLANS:** A section for interactive planning tools with a "Start Now" button. It states: "Use this interactive planning tool to discover things that might help with your tax situation."

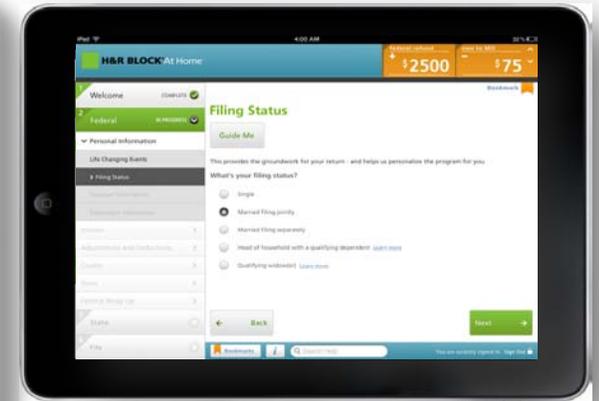
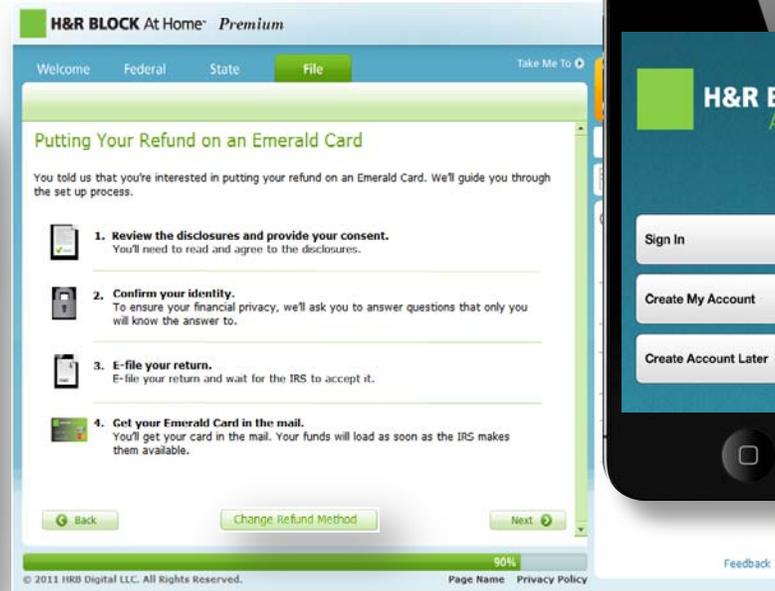
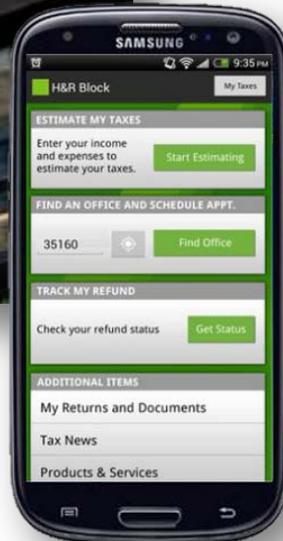
4 Consistent Service Quality (CSQ)



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Deliver consistent service quality in all of our products and services to give our clients more than they expect

Anywhere, Anyway, Anytime



Setting the Tone at the Top



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

PURPOSE

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

VISION

VALUES

**We do the
right thing**

VALUES

We believe in
our **people**

We take care of
our **clients**

We deliver for
our **shareholders**

**We do the
right thing**

We Have the Right Team



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Chief Strategy Officer
Kush Saxena



Chief People Officer
Aileen Wilkins



Chief Legal Officer
Tom Gerke



Chief Information Officer
Rich Agar



Chief Marketing Officer
Robert Turtledove



President
U.S. Tax Services
Jason Houseworth



President
Retail Client Services
Amy McAnarney



President
Financial Services
Susan Ehrlich



President
International
Kip Knight



Chief Financial Officer
Greg Macfarlane

Complete and Committed

Today's Agenda



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Jason Houseworth

President
U.S. Tax Services



- Overview of the Tax Industry
- HRB's recent performance and competitive advantage
- Delivering the H&R Block experience

Susan Ehrlich

President
Financial Services



- Overview of financial services landscape
- HRB product suite and new developments
- HRB Bank

Greg Macfarlane

CFO



- Summary of Q2 results
- Why we believe HRB is a good investment
- General market / HRB outlook



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Jason Houseworth
President, U.S. Tax Services



Agenda

- **U.S. tax industry overview**
- **The tax industry leader – H&R Block**
 - ✓ Recent Performance
 - ✓ Competitive Advantages
- **Looking ahead – 2013 and beyond**
 - ✓ The H&R Block Experience
 - ✓ DIY Tax Services
 - ✓ Assisted Tax Services



Agenda

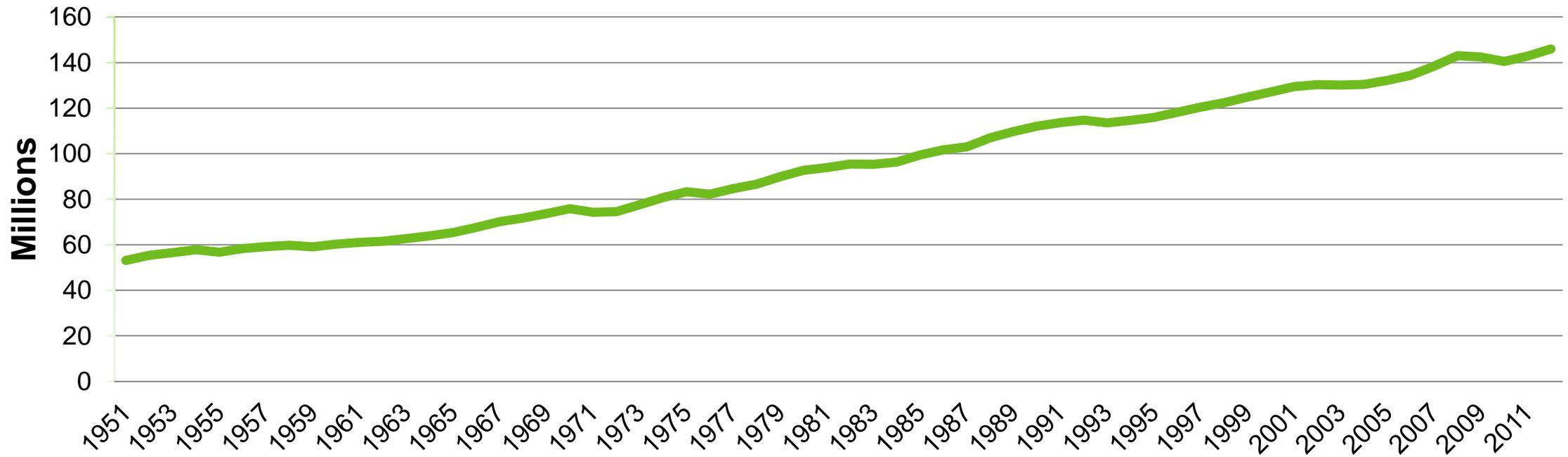
- **U.S. tax industry overview**
- **The tax industry leader – H&R Block**
 - ✓ Recent Performance
 - ✓ Competitive Advantages
- **Looking ahead – 2013 and beyond**
 - ✓ The H&R Block Experience
 - ✓ DIY Tax Services
 - ✓ Assisted Tax Services

Predictable Core Business



- Total U.S. tax filings have historically grown 1 to 2% annually
- Expect total IRS filings to grow 1.5 - 2% in 2013

IRS Returns



Two Fundamental Ways to Prepare Taxes



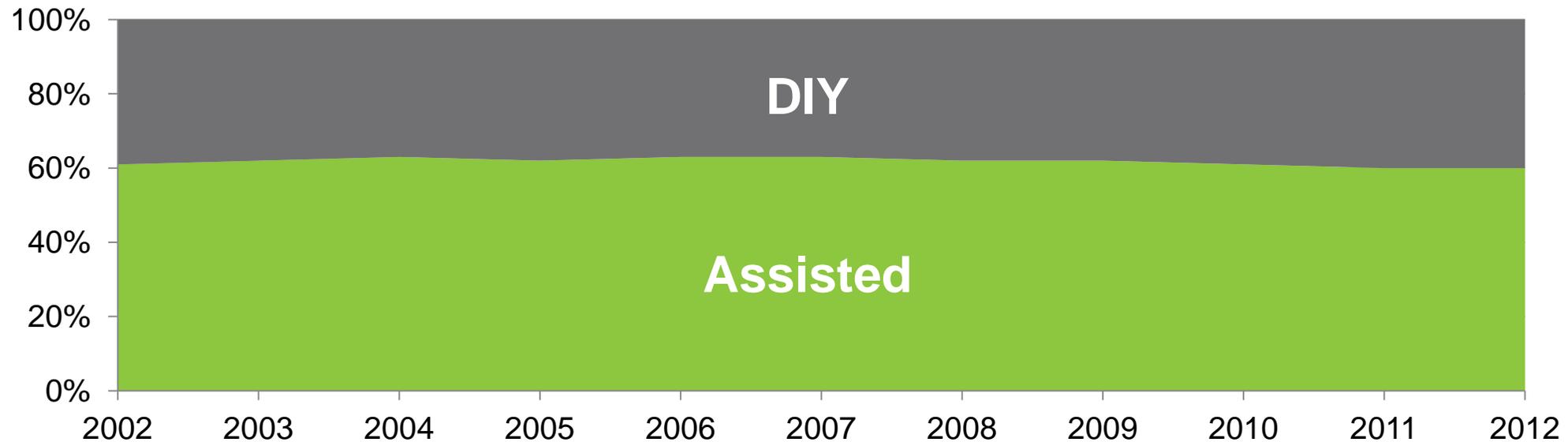
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1) “I need someone to help”...Assisted

- No change in proportion of Assisted (60%) vs. DIY (40%) returns over the past decade

2) “I’ll do-it-myself”... DIY

U.S. Assisted vs. Do-It -Yourself Filers



Note: Based on H&R Block estimates and IRS data; DIY category composed of Pen & Paper, Online, Mobile, Desktop (Digital)

Two Fundamental Ways to Prepare Taxes



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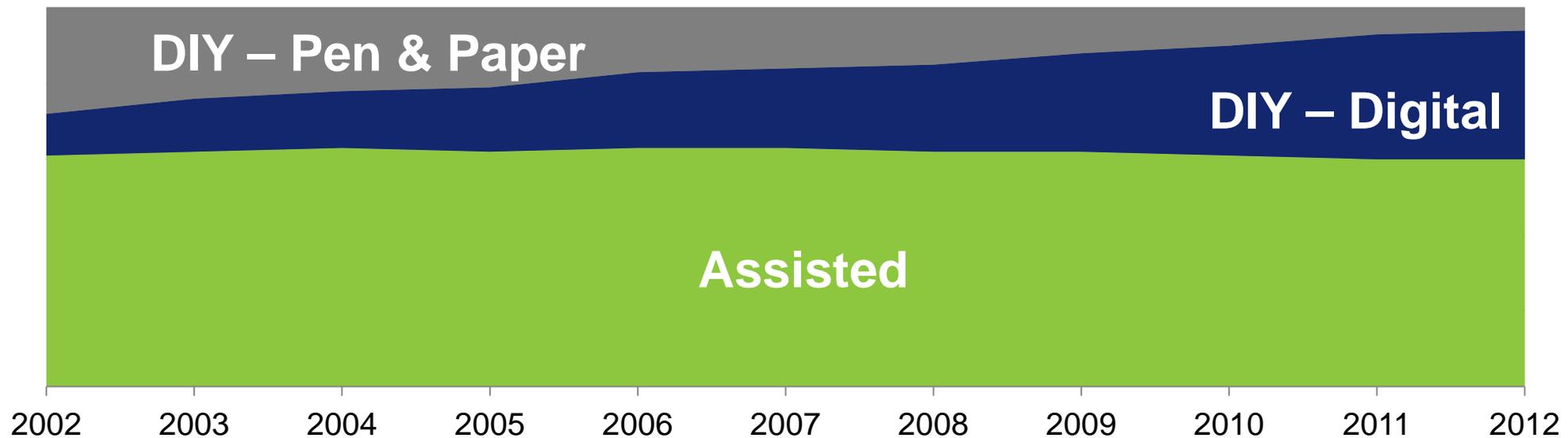
1) “I need someone to help”...Assisted

- No change in proportion of Assisted (60%) vs. DIY (40%) returns over the past decade

2) “I’ll do-it-myself”... DIY

- Sub-segmented into two categories: Digital and Pen & Paper

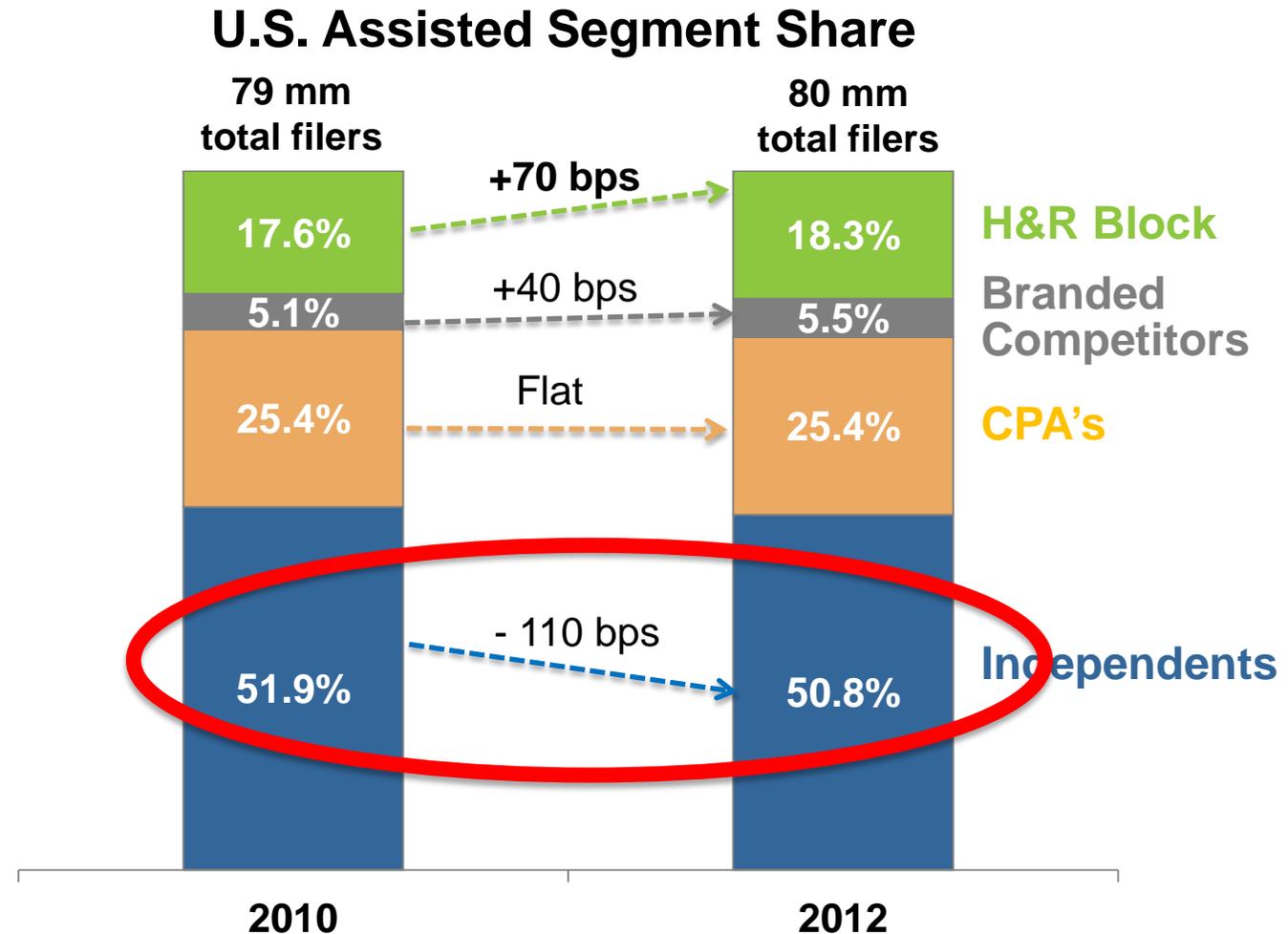
U.S. Assisted vs. Do-It -Yourself Filers



Note: Based on H&R Block estimates and IRS data; DIY category composed of Pen & Paper, Online, Mobile, Desktop (Digital)

U.S. Assisted Tax Segment

- 60% of total U.S. tax filers
 - ✓ 80 mm tax filers; highly fragmented
 - ✓ HRB the largest U.S. Assisted tax preparer with 18% share
- 355K independent tax preparers
 - ✓ Down 4% from last year
 - ✓ Increased regulation
 - ✓ Changing landscape for financial products



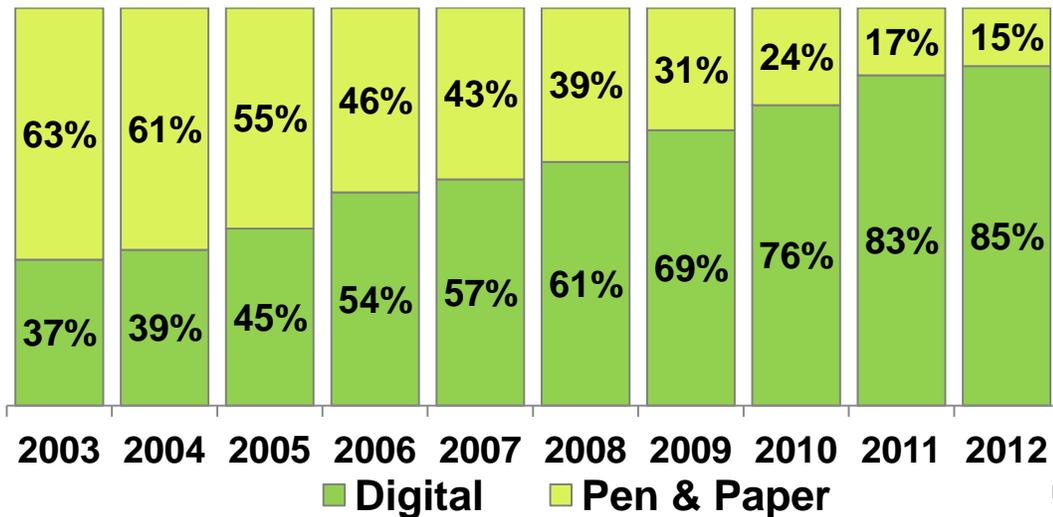
U.S. Do-It-Yourself (DIY) Segment



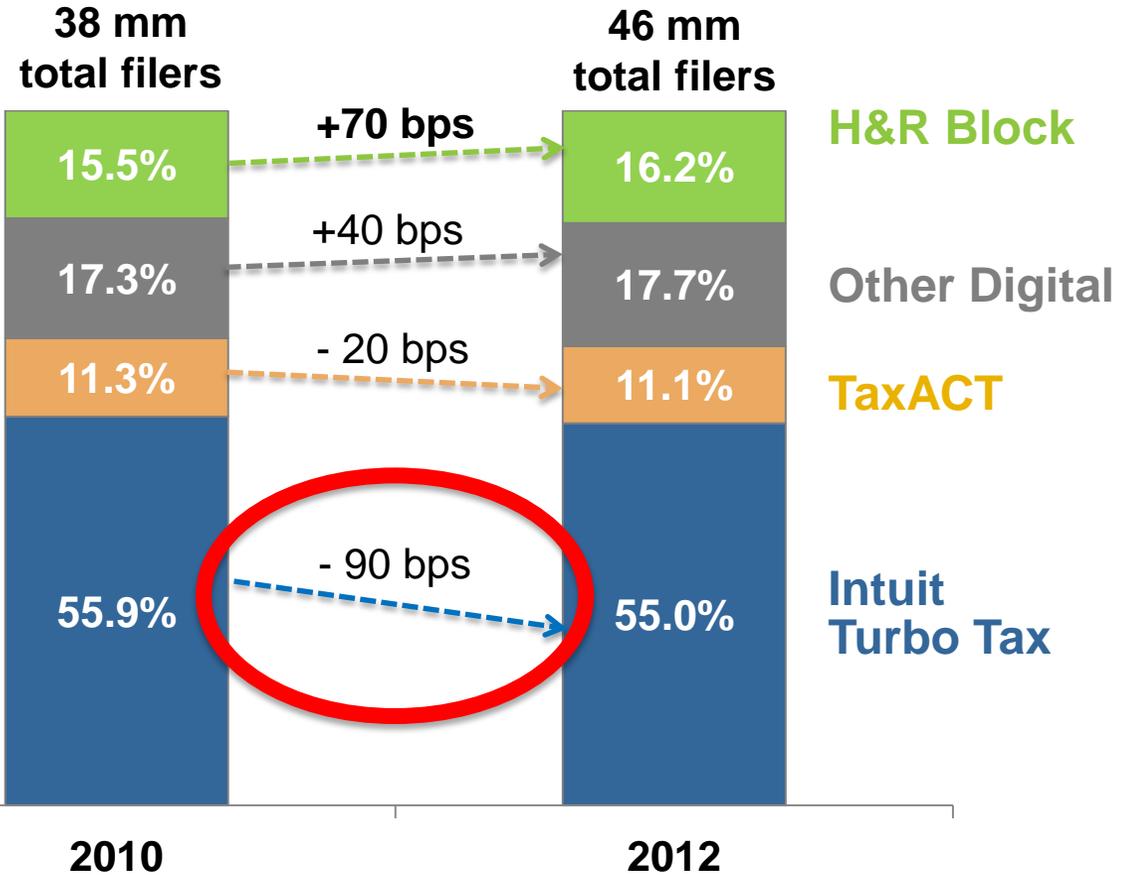
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- 40% of total U.S. tax filers choose DIY
 - ✓ 46 mm digital; 8 mm pen and paper in 2012
- HRB At Home strong #2 in digital segment

DIY Segment Mix



U.S. Digital Segment Share



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



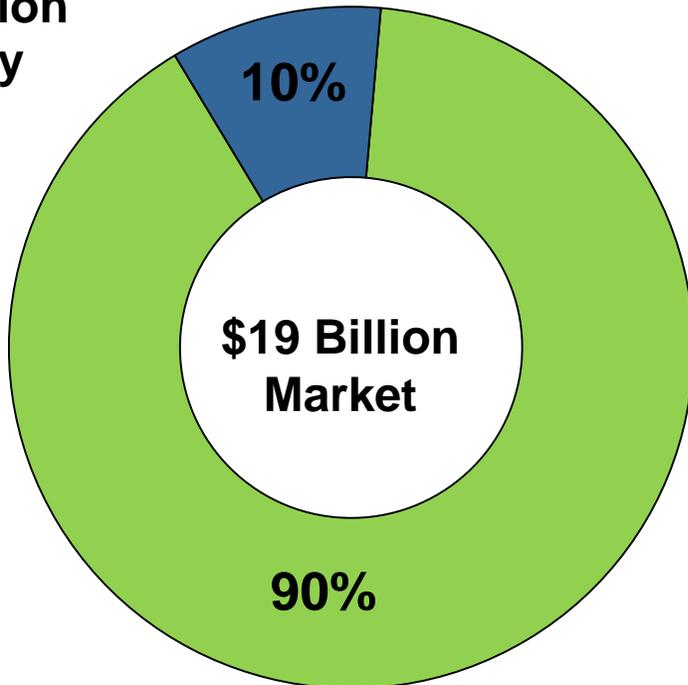
Agenda

- **U.S. tax industry overview**
- **The tax industry leader – H&R Block**
 - ✓ *Recent Performance*
 - ✓ *Competitive Advantages*
- **Looking ahead – 2013 and beyond**
 - ✓ The H&R Block Experience
 - ✓ DIY Tax Services
 - ✓ Assisted Tax Services

HRB: The Tax Industry Leader

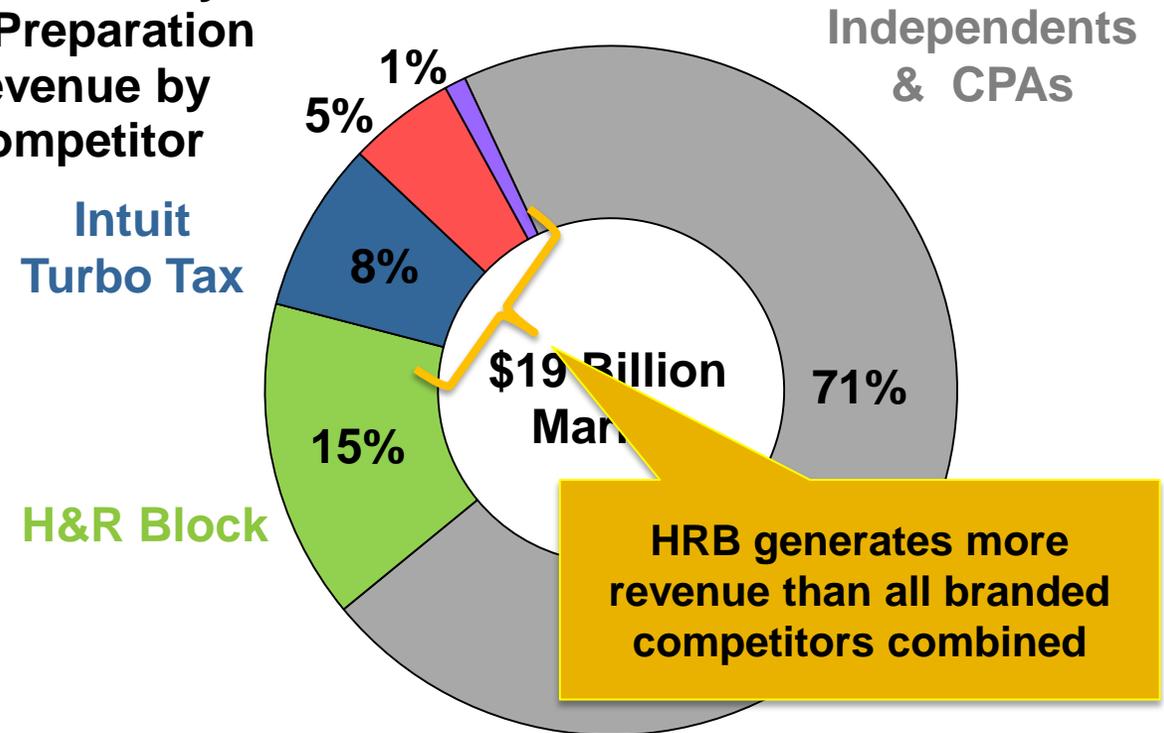
■ While assisted is 60% of returns, it accounts for 90% of industry revenues

**U.S. Industry
Tax Preparation
Revenue by
Segment**



■ Assisted ■ Do-it-Yourself

**U.S. Industry
Tax Preparation
Revenue by
Competitor**



Intuit
Turbo Tax

H&R Block

■ Branded Competitors ■ Other DIY

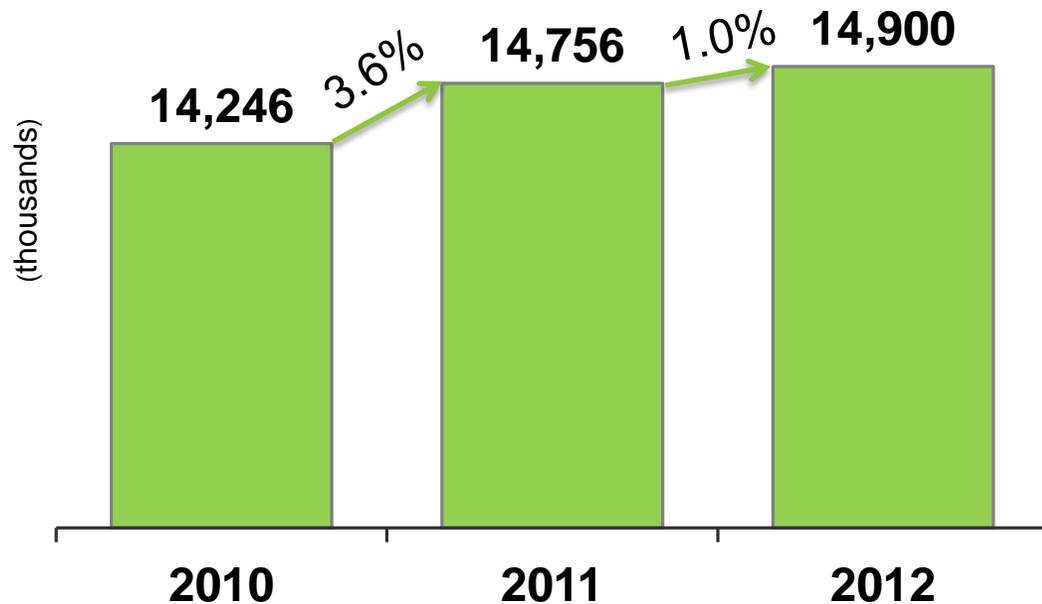
HRB generates more revenue than all branded competitors combined

Note : Based on H&R Block estimates; Digital category composed of Online, Mobile, Desktop and FFA (Digital)

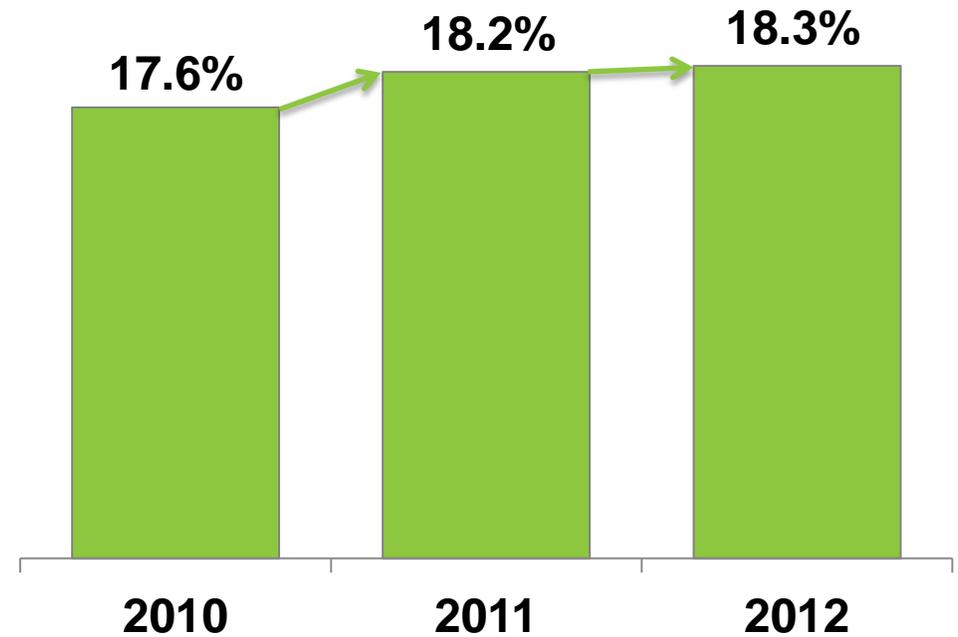
HRB Gaining Share in Assisted

- Total HRB assisted returns up 654k, or 4.6% since 2010
- Driving significant improvement in client retention, satisfaction, and operational efficiency

HRB U.S. Assisted Returns



HRB U.S. Assisted Segment Share



* Based on H&R Block estimates and IRS Data

Strong Assisted Fundamentals



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- Universal brand awareness of 98%
- Brand consideration 50% higher within 18-24 year olds segment
- Client satisfaction up 5 pts in 2012
- Intent to return for 2013 up 3 pts

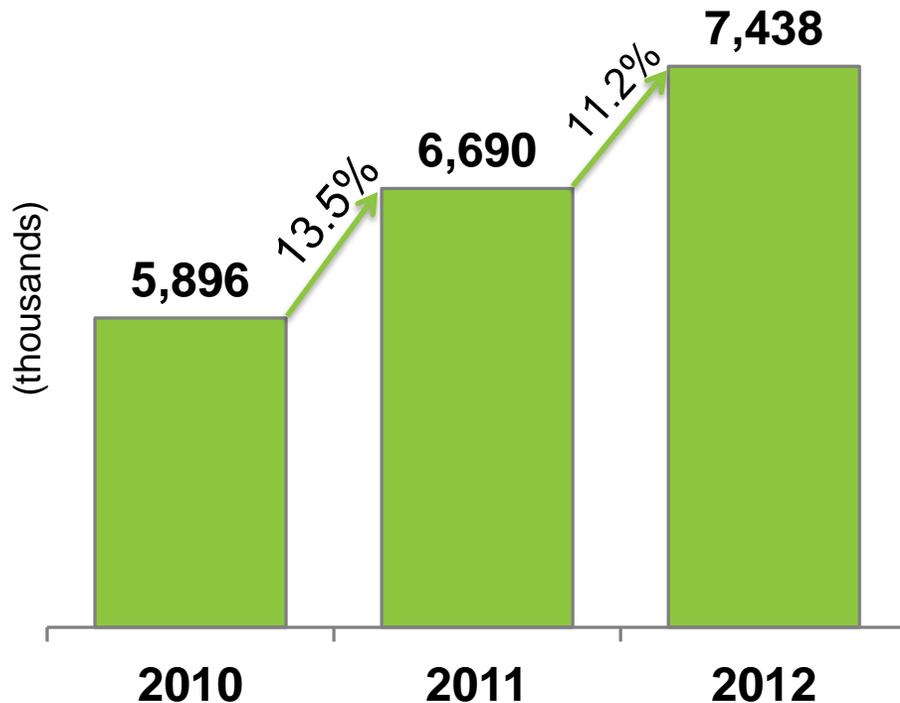
Opportunities to Improve

- Returning clients to the same tax professional
- Setting an appointment prior to season

HRB Gaining Share in Digital

- HRB digital returns up 1.5 mm returns or 26% since 2010
- Outpaced largest DIY competitors in share gains over the past two years

HRB U.S. Digital Returns



HRB U.S. Digital Segment Share



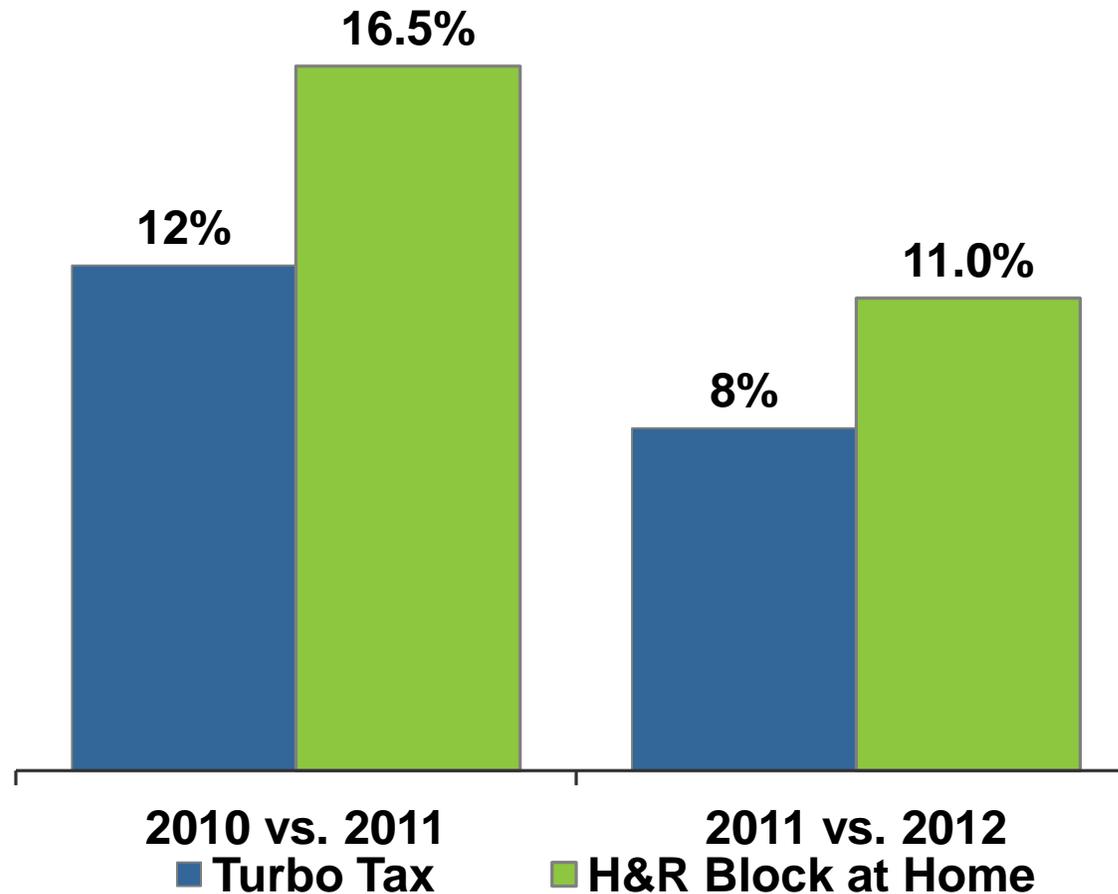
* Based on H&R Block estimates and IRS Data

Outpacing Turbo Tax - Units



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Total Digital Unit Growth*



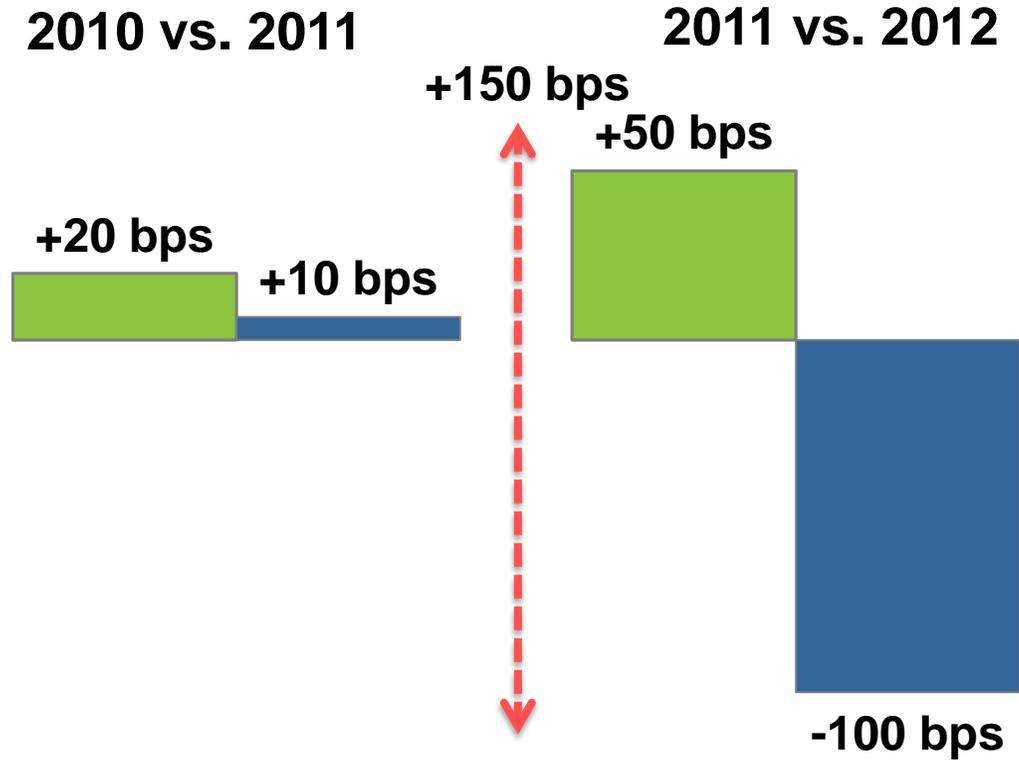
* Excludes Free File Alliance

Outpacing Turbo Tax - Share



H&R BLOCK®
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Total Digital Segment Share*



■ H&R Block at Home ■ Turbo Tax

* Excludes Free File Alliance

Why is HRB Outpacing the Industry?

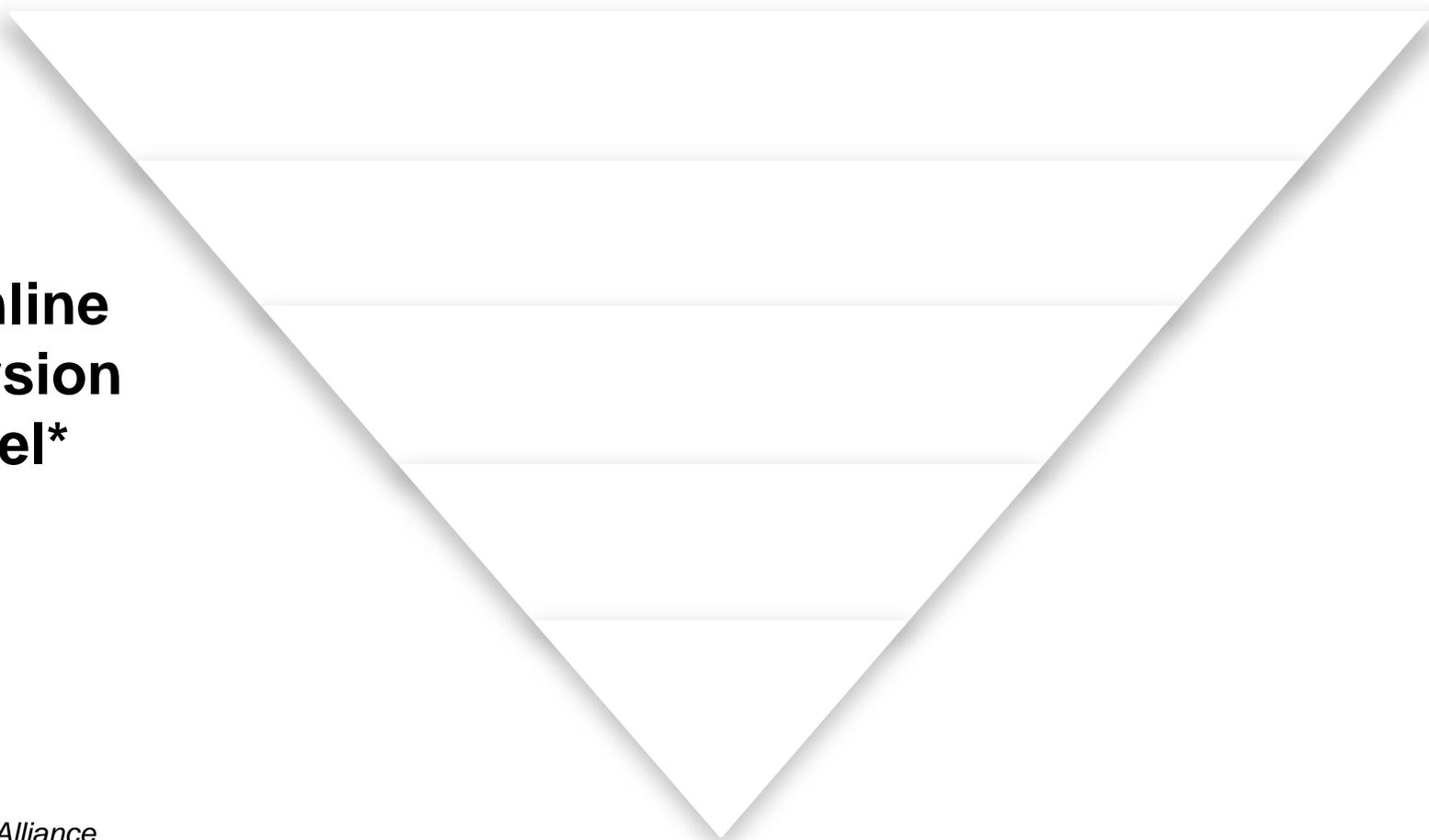


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Strong Consumer Demand + Funnel Improvements

**2010
vs. 2012**

**DIY Online
Conversion
Funnel***



** Excludes Free File Alliance*

Why is HRB Outpacing the Industry?



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Strong Consumer Demand + Funnel Improvements

**2010
vs. 2012**

+12 points



**DIY Online
Conversion
Funnel***

* Excludes Free File Alliance

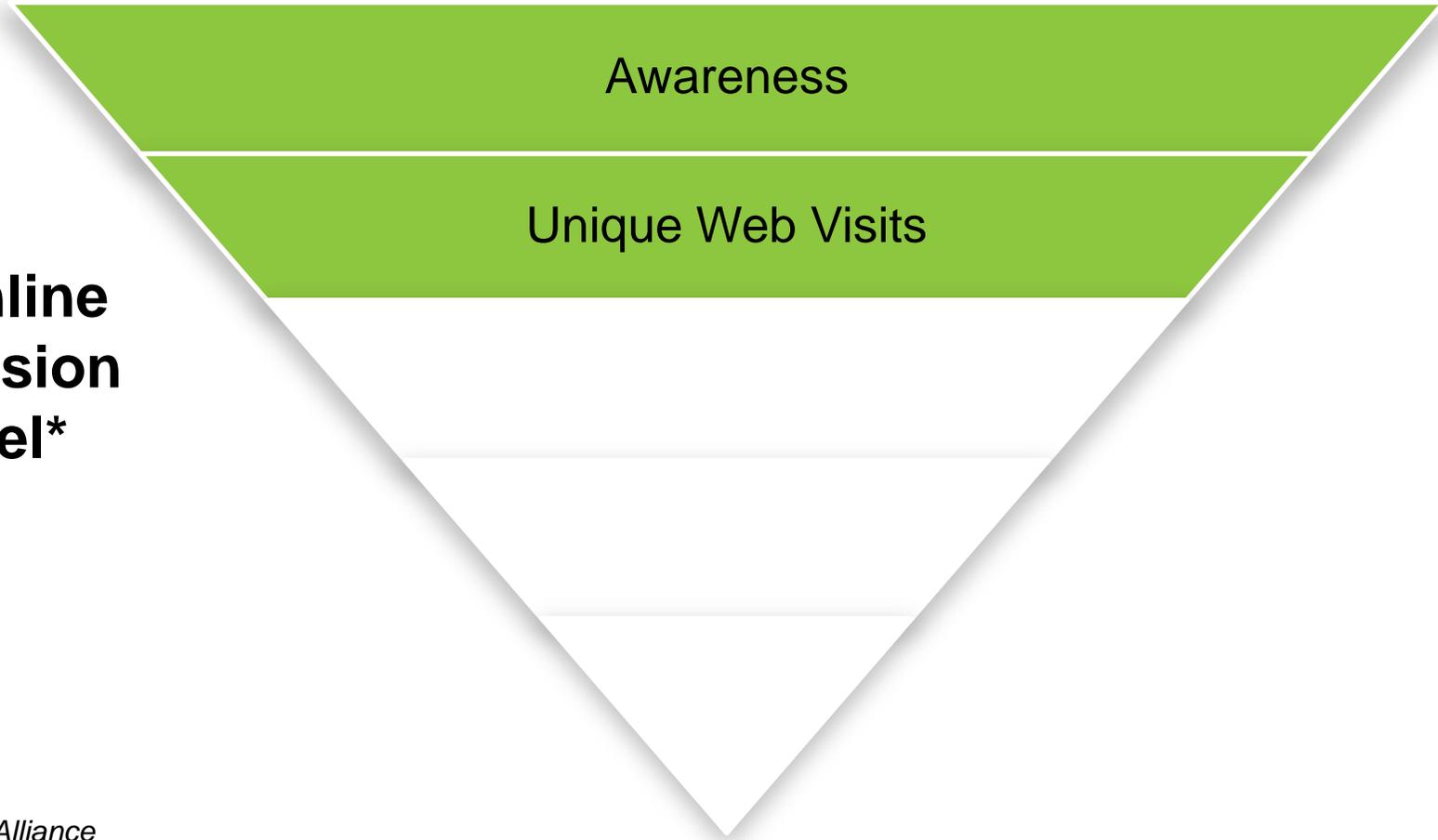
Why is HRB Outpacing the Industry?



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Strong Consumer Demand + Funnel Improvements

**2010
vs. 2012**



+12 points

+96%

**DIY Online
Conversion
Funnel***

* Excludes Free File Alliance

Why is HRB Outpacing the Industry?



H&R BLOCK®
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Strong Consumer Demand + Funnel Improvements

**DIY Online
Conversion
Funnel***



**2010
vs. 2012**

+12 points

+96%

+37%

* Excludes Free File Alliance

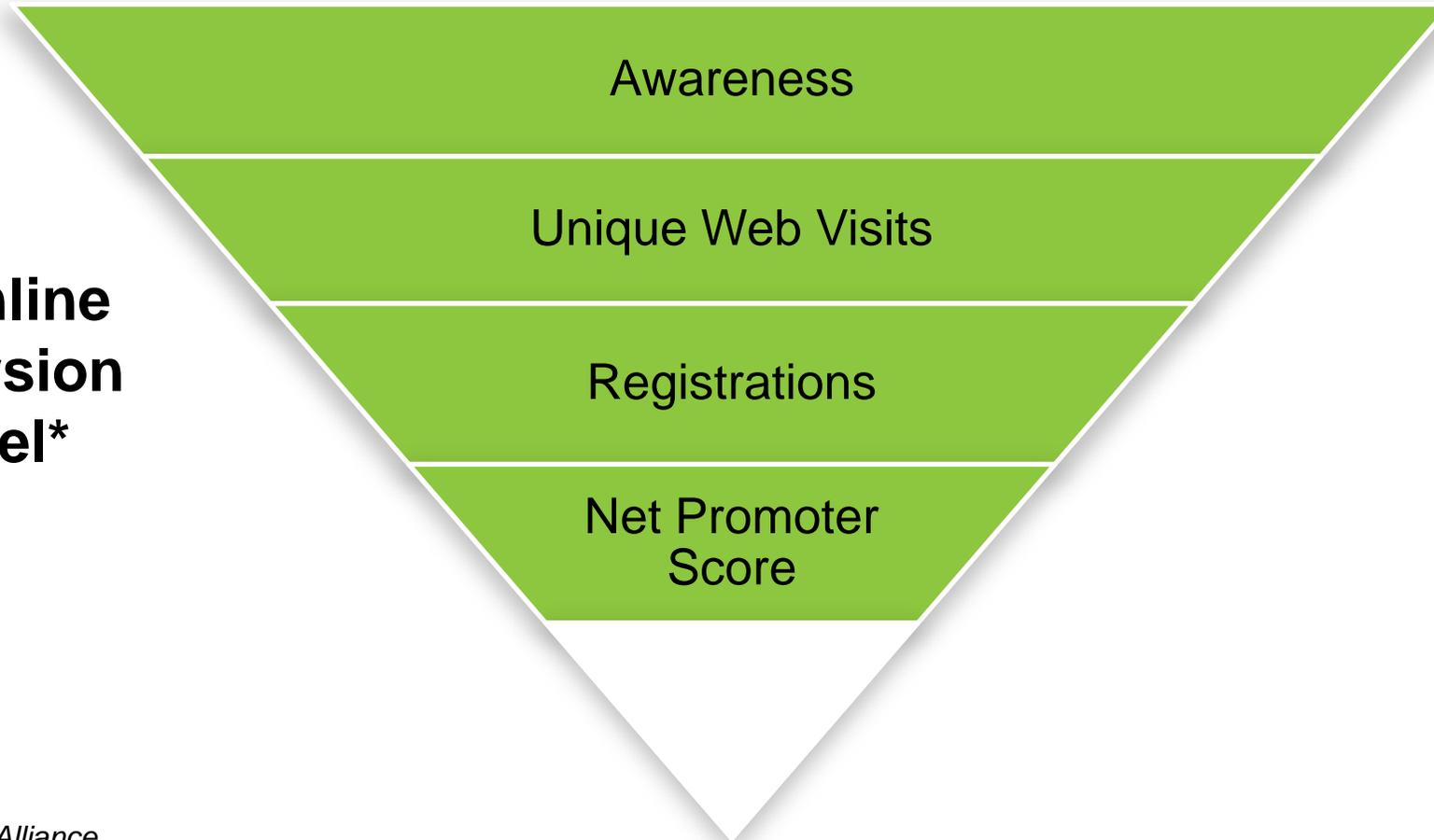
Why is HRB Outpacing the Industry?



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Strong Consumer Demand + Funnel Improvements

**DIY Online
Conversion
Funnel***



**2010
vs. 2012**

+12 points

+96%

+37%

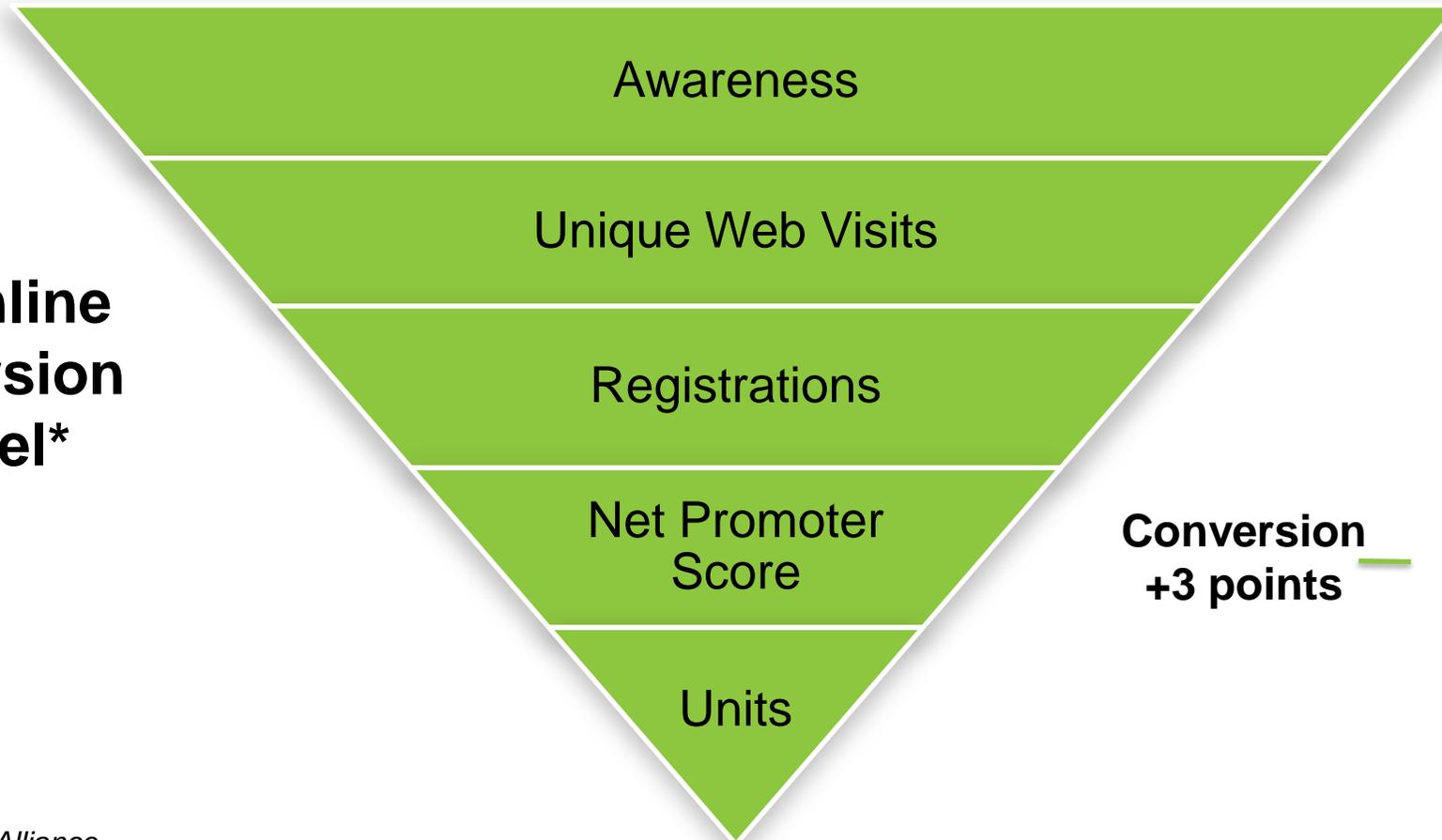
+10 points

* Excludes Free File Alliance

Why is HRB Outpacing the Industry?

Strong Consumer Demand + Funnel Improvements

**DIY Online
Conversion
Funnel***



Conversion
+3 points



* Excludes Free File Alliance

HRB's Competitive Advantages



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**Tax
Professionals**

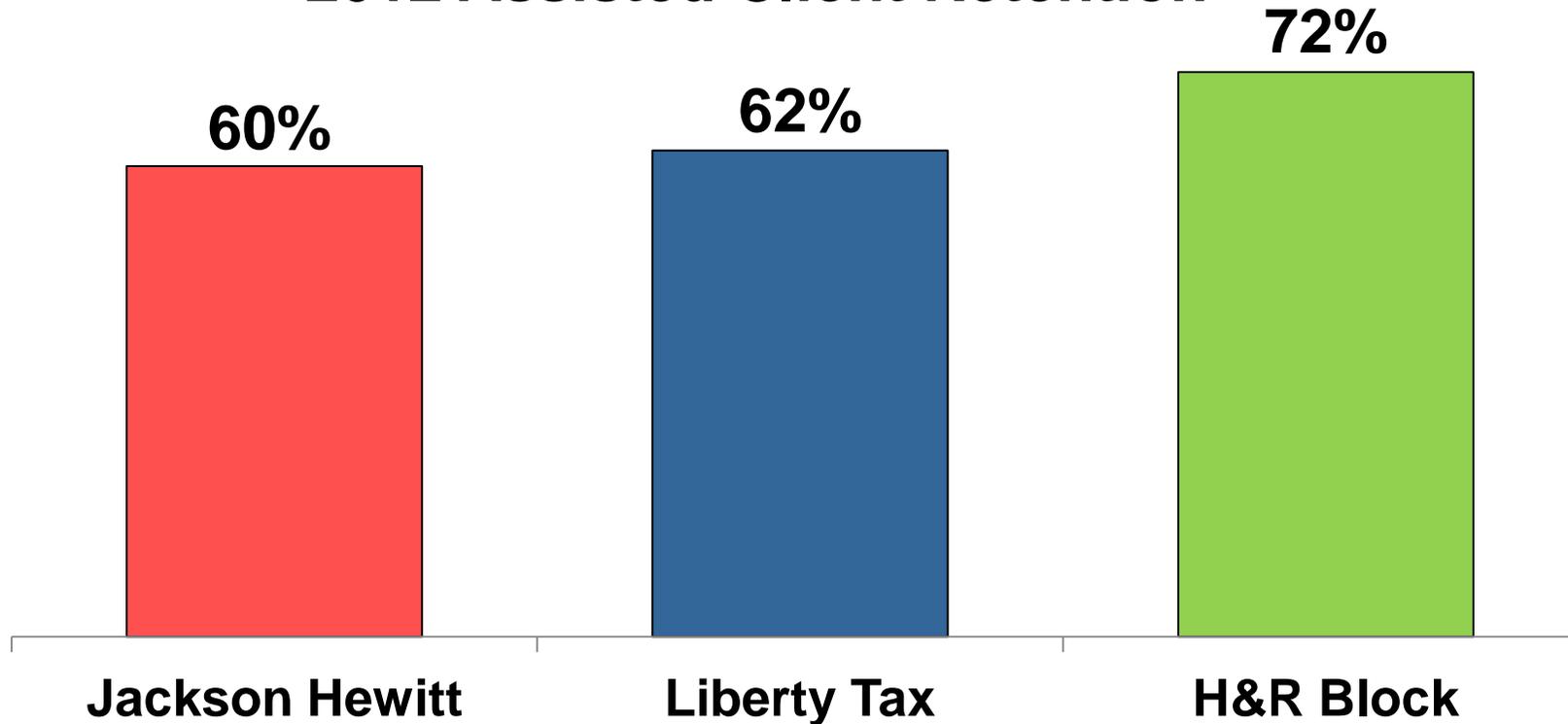
Scale

**Tax Industry
Innovation**

Brand

High Industry Retention...HRB Best Among Branded Competitors

2012 Assisted Client Retention



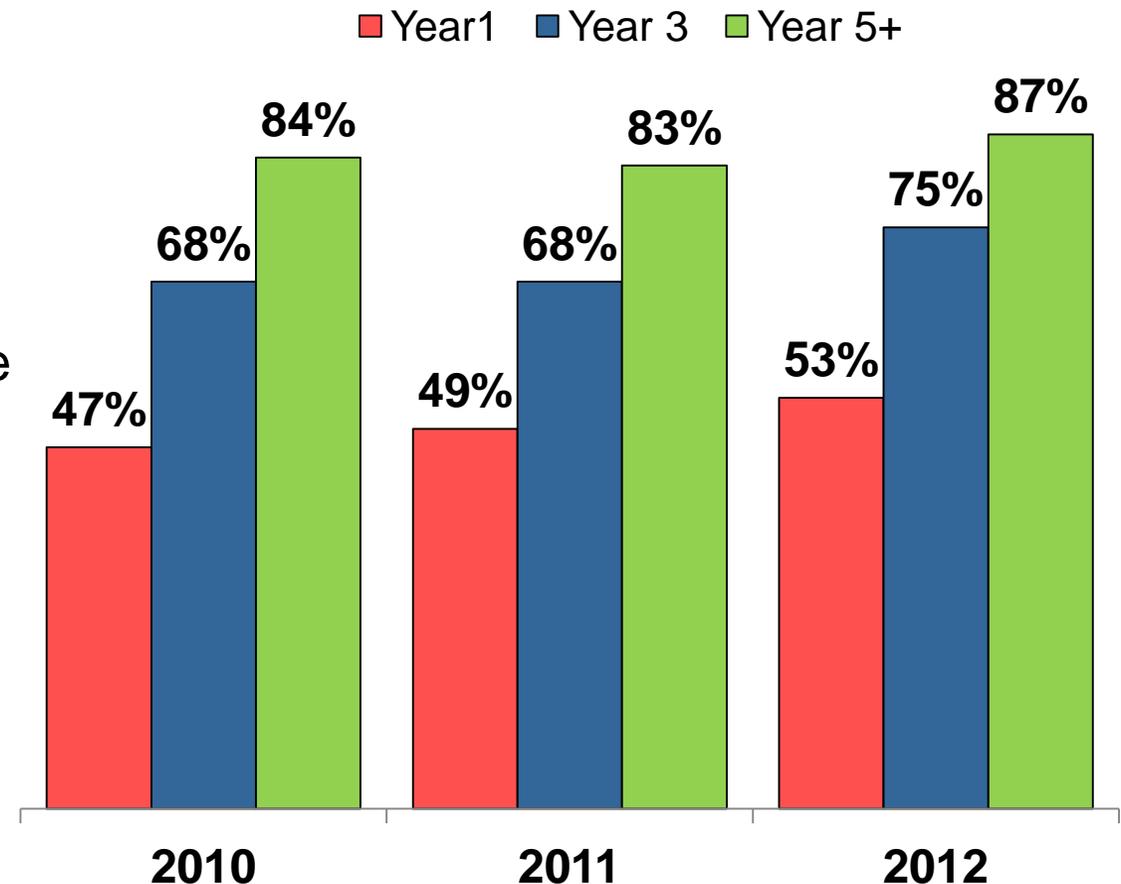
Note: Based on H&R Block estimates

The H&R Block Difference...

We attract and retain the industry's best tax professionals...

- Overall tax pro retention of 78%*; increased 9 pts since 2010
- Average age of company tax pro is 52
- Each year, HRB tax pros prepare 42% more returns than the industry average

Tax Pro Retention by Tenure



* Company owned office only

IRS Certification Requirements:

■ For IRS tax preparers

- ✓ 15 hours of preparation
- ✓ 1 IRS minimum competency exam
- ✓ Result: ability to prepare taxes (12/31/2013)



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90,000+ tax pros
43 hours prep.

■ For IRS “Enrolled Agent” (EA)

- ✓ About 500 hours of preparation
- ✓ 3 IRS exams
- ✓ Result: ability to represent clients with the IRS (same treatment as CPAs and lawyers)



7,664 EAs
**83% client
retention**

HRB readiness

- IRS requires all tax preparers to pass certification exam prior to 12/31/13
- Enrolled Agents, CPAs, and Attorneys are exempt

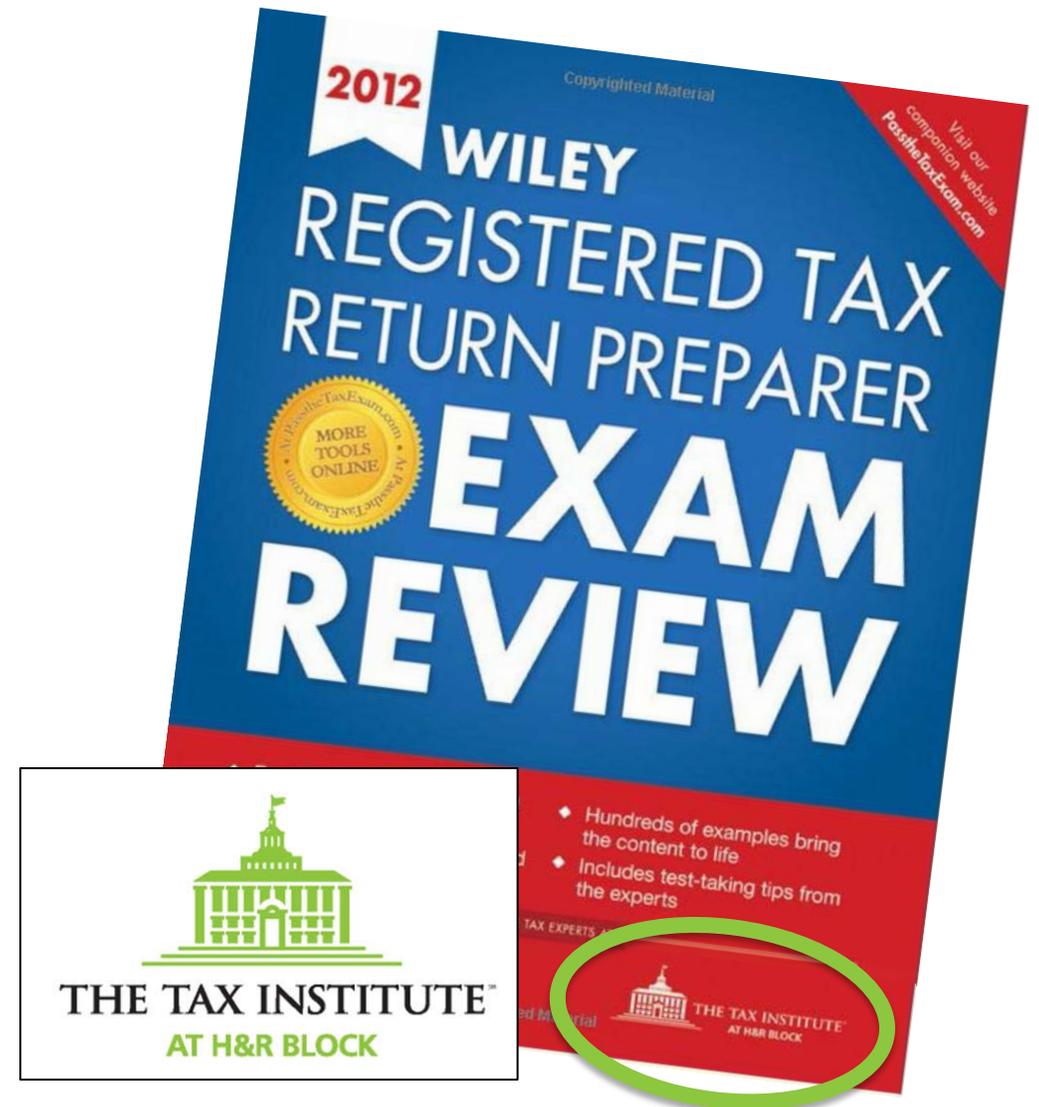
INDUSTRY:

- 348K tax preparers are required to pass exam
 - ✓ 33K or ~10% had passed as of 11/5
 - ✓ 35% were HRB tax pros

HRB:

- 84K HRB tax pros are required to pass exam
 - ✓ 15K or 18% have passed as of 11/30
 - ✓ 54% have passed or are registered for exam

* Based on H&R Block estimates and IRS Data as of 11/5/12

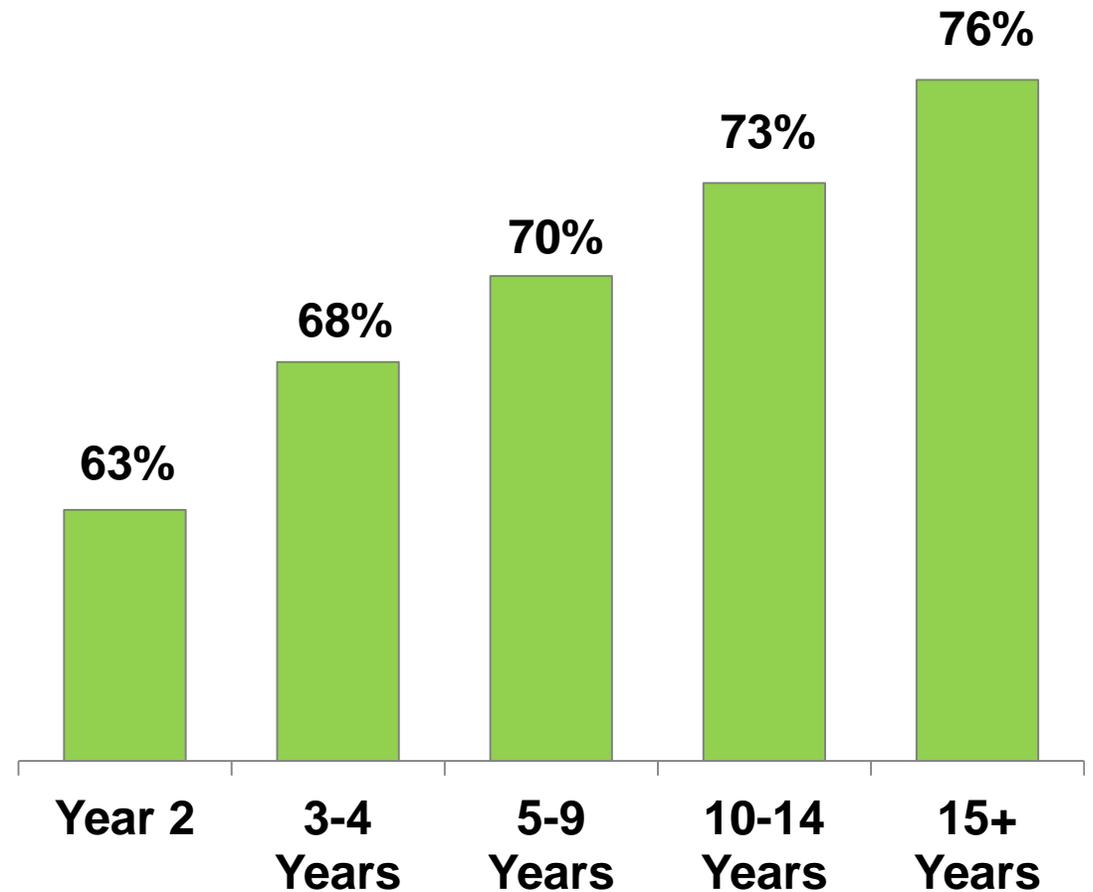


Matching Our Clients with the Right Tax Pro...

A personalized client experience...

- Client retention improves significantly with tax pro tenure
- Retention increases 5 pts for clients returning to the same tax professional

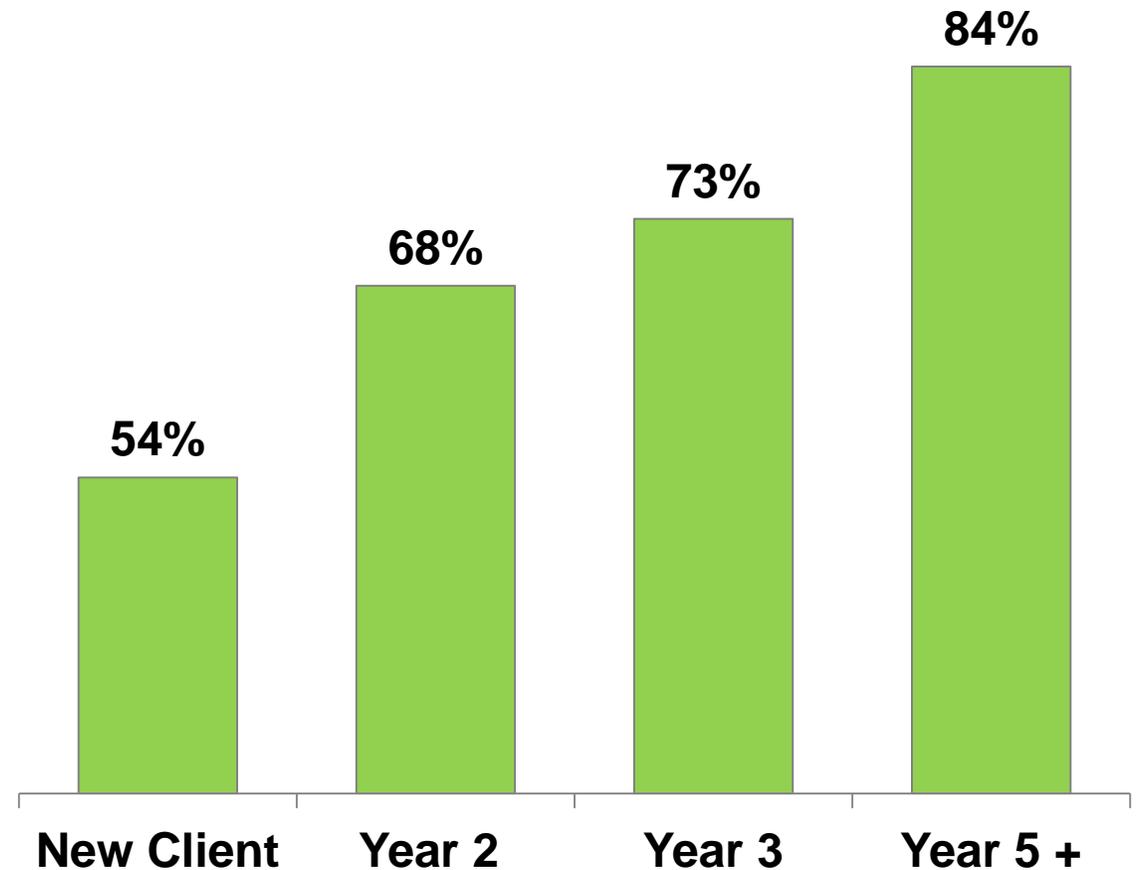
Client Retention by Tax Pro Tenure



The longer we retain clients, the better chance we have to serve them for life

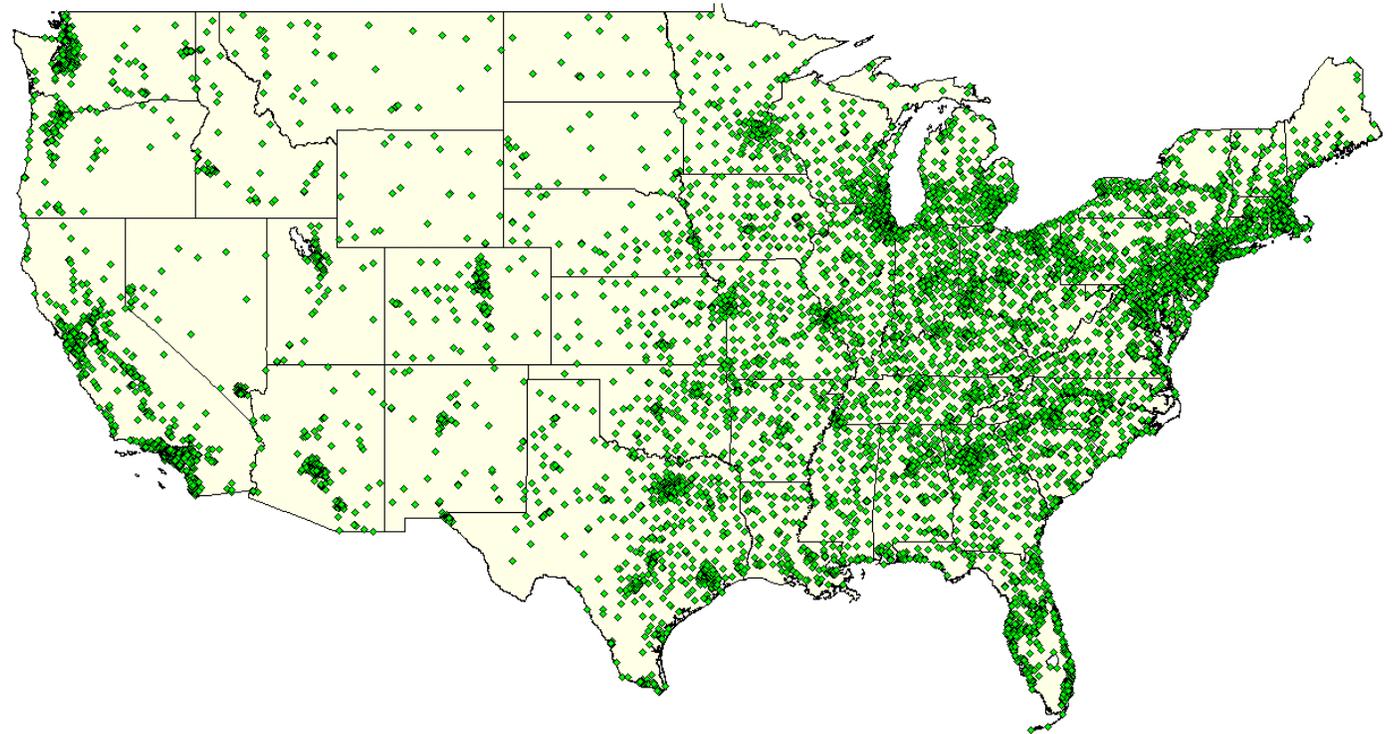
- 5+ year clients are 3X more likely to stay with HRB than new clients
- HRB has improved retention of 5+ year clients by 140 bps to 84% since 2010

Client Retention by Client Tenure



Retail Footprint

- 4th largest retailer in the U.S.
- Nearly 11,000 U.S. offices – More than all branded competitors combined
- Prepare about 1,400 returns per company-owned office



History of Tax Industry Innovation

Created the tax preparation industry

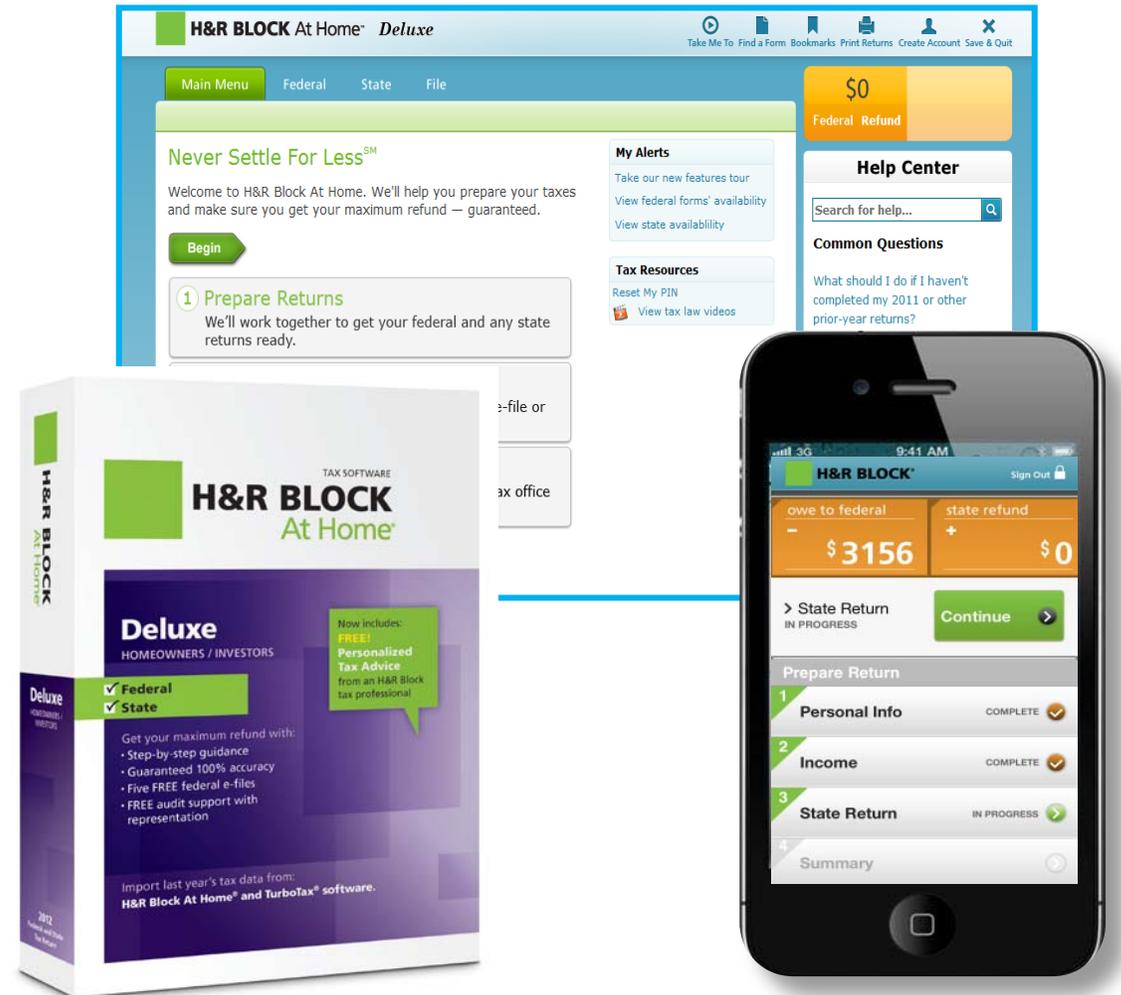
- Introduced Second Look & Peace of Mind tax services
- Introduced Block Live
- Delivered free audit support and representation for all DIY users
- Launched an array of Mobile tax solutions
- ...the only tax preparer who can serve clients **anyway, anywhere, anytime** they choose



HRB At Home Digital Tax Solutions

Helping clients recognize the benefits delivered by H&R Block

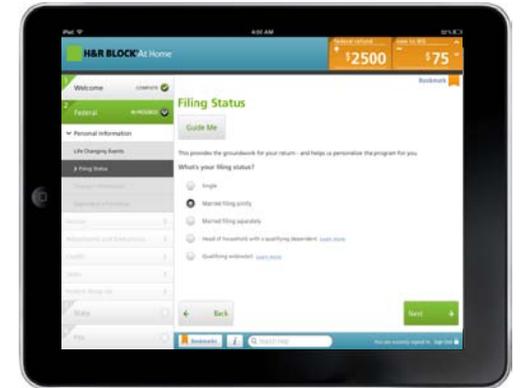
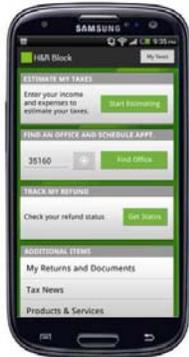
- The first to offer expert advice from a live professional
- First to offer 5 FREE Federal e-Files in desktop software
- The only tax preparer with FREE audit support and representation for all clients





Expanding client engagement and tax preparation services through mobile

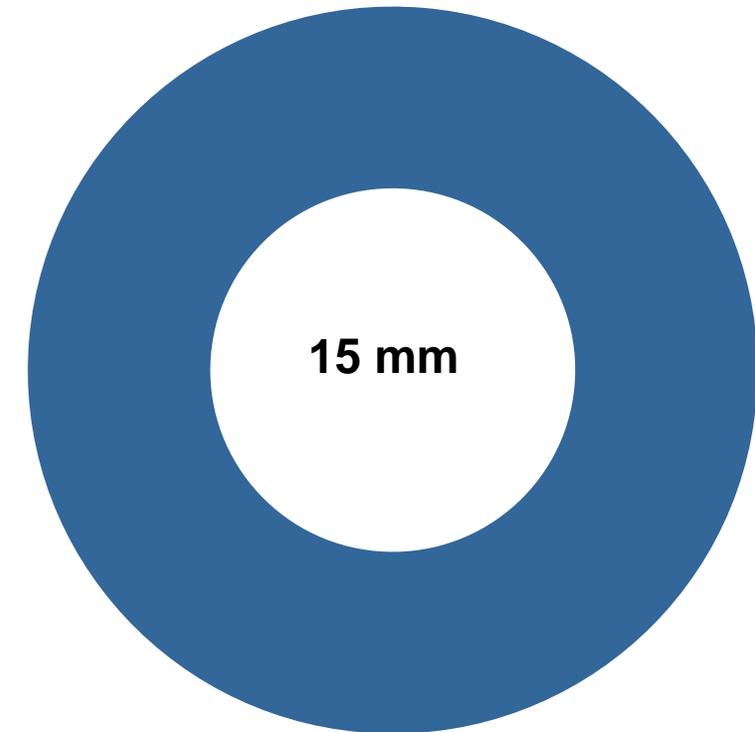
- Introduced 8 new tax apps in 2012
- Serving clients how they want to be served



Marketing effectiveness

- 98% brand recognition
- The tax prep industry has relatively low churn
- Competing for 15 mm non-HRB “switchers” each year

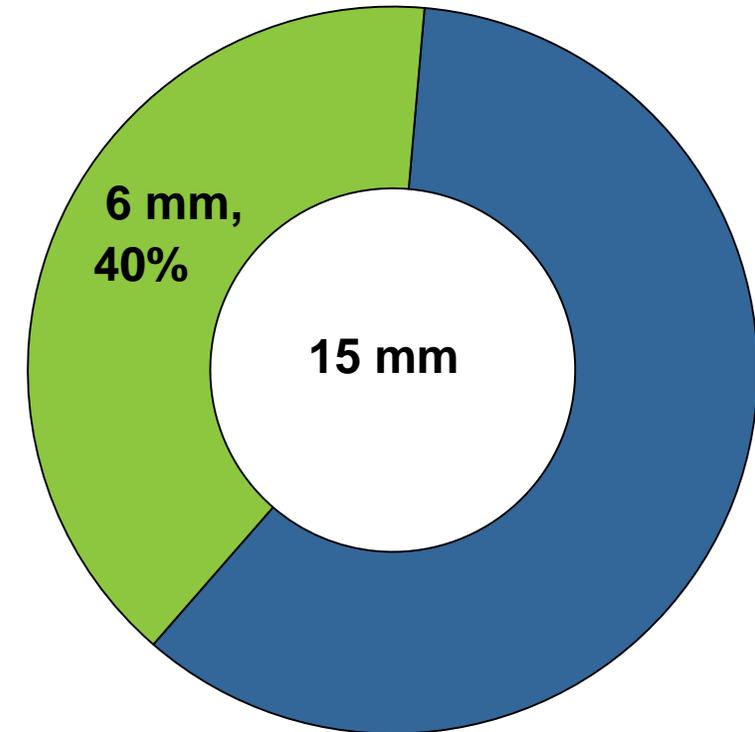
Non-HRB “In-Play” Clients



Marketing effectiveness

- 98% brand recognition
- The tax prep industry has relatively low churn
- Competing for 15 mm non-HRB “switchers” each year
- We’re acquiring 6 mm, or 40%, of these switchers..... roughly 2.5X our share

Non-HRB “In-Play” Clients





Agenda

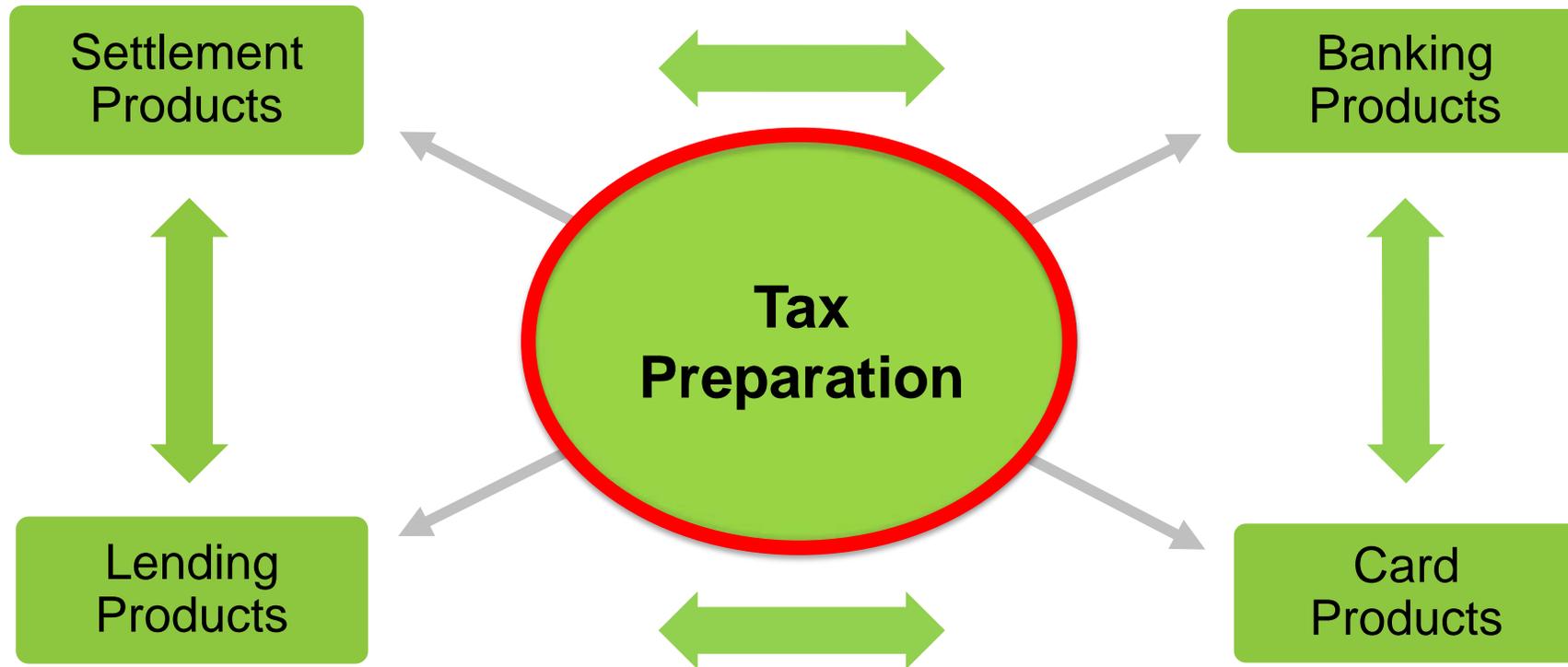
- **U.S. tax industry overview**
- **The tax industry leader – H&R Block**
 - ✓ Recent Performance
 - ✓ Competitive Advantages
- **Looking ahead – 2013 and beyond**
 - ✓ *The H&R Block Experience*
 - ✓ **DIY Tax Services**
 - ✓ **Assisted Tax Services**

Tax Plus Begins with a Great Client Experience



H&R BLOCK®
NEVER SETTLE FOR LESS™

Client-centric company with tens of millions of clients



Historical View of Clients



H&R BLOCK®
NEVER SETTLE FOR LESS™

- 1040EZ
- 1040A
w/ Dependents
- 1040A
w/o Dependents
- 1040
- 1040 Complex



New research segments by tax prep attitudes/motivators

- Segment 1: 18-24
- Segment 2: 24-35
- Segment 3: 35-50, <\$50K
- ...

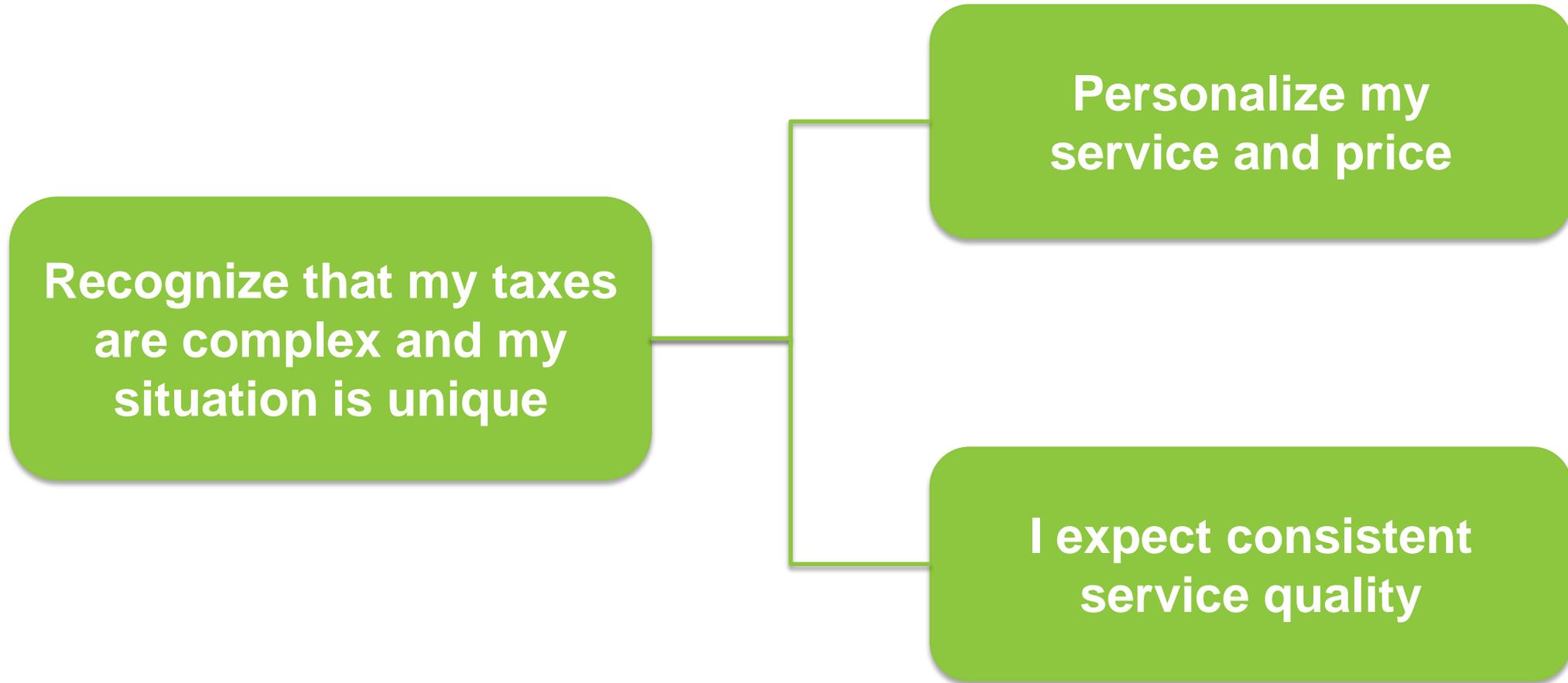
Works well for defining our services/offerings...

Works well to reach our clients

Universal Tax Client Needs



H&R BLOCK®
NEVER SETTLE FOR LESS™



Henry Bloch: Co-Founder's Vision



H&R BLOCK®
NEVER SETTLE FOR LESS™

“The client always comes first”

- Focus on quality service
- Prepare error-free returns
- Clients will return again and again



Our Service Promise Remains...



H&R BLOCK®
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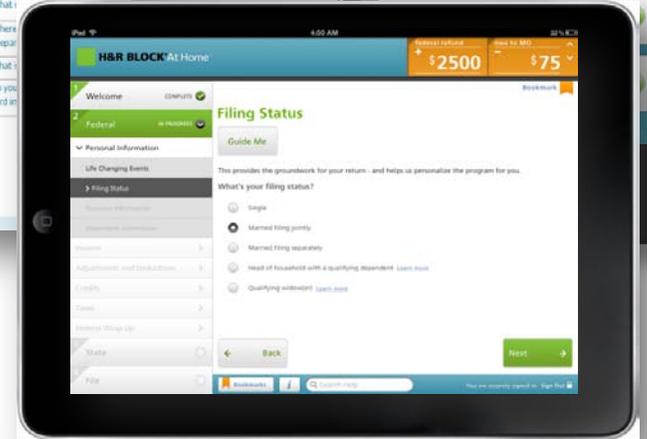
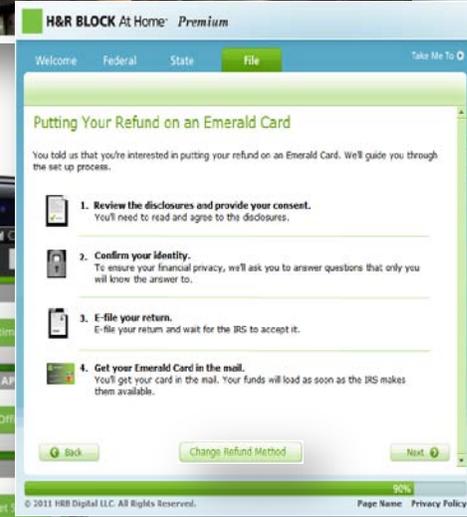
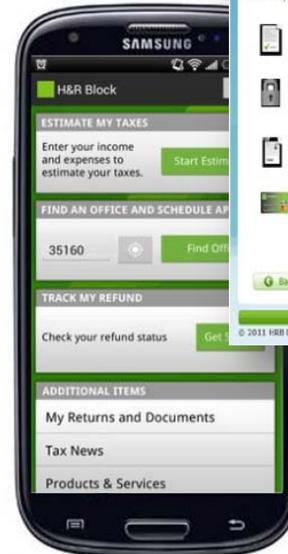
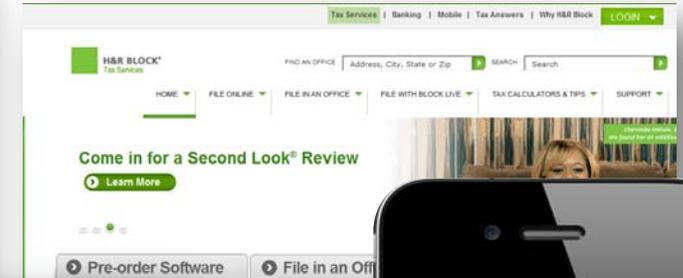
*To deliver consistent
service quality in our products
and services to give our clients
more than they expect*

Creating a Great Client Experience



H&R BLOCK®
NEVER SETTLE FOR LESS™

- Requires seamless service
- Every touch point...every channel
- With one door...



My HRB Account: Seamless Client Access to Our Services



H&R BLOCK®
NEVER SETTLE FOR LESS™

- One door for *all tax clients*
- Account provides client access to services through the office, online, or mobile
- Year-round
- **Anyway, anywhere, anytime**

The screenshot displays the H&R Block My Account dashboard. At the top right, it says "Welcome back, JASON" with a "Sign Out" link. The main navigation bar includes "ACCOUNT HOME", "MY TAX DOCUMENTS", and "TAX TIPS & TOOLS". The dashboard features a sidebar with "DASHBOARD" and "MY PROFILE" options. The main content area is divided into several sections: "A Secure Cloud" for tax document management, "EMERALD ONLINE" for card services, and "MY PERSONAL ACTION PLANS" for tax planning. A "MY TAX PROFESSIONAL" section on the right identifies Mary Bunnell and provides contact options like Office Hours, Contact Info, Appointment, and Map.

My HRB Account: Seamless (Assisted) Client Access to Our Services



H&R BLOCK®
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Client takes pictures of tax documents



My H&R Block Account



Tax pro has access to all client documents



Tax Return, Emerald Card balance, year-round service access

My HRB Account: Seamless (DIY) Client Access to Our Services



H&R BLOCK®
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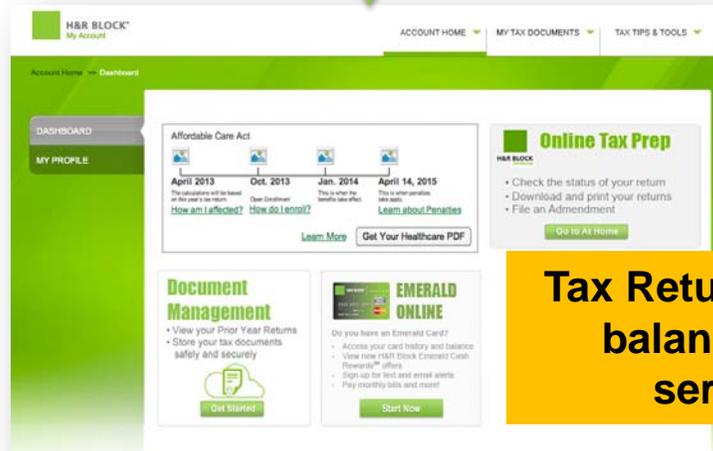


Client takes pictures of tax documents

My H&R Block Account



Live expert/tax professional has access to client data



Tax Return, Emerald Card balance, year-round service access



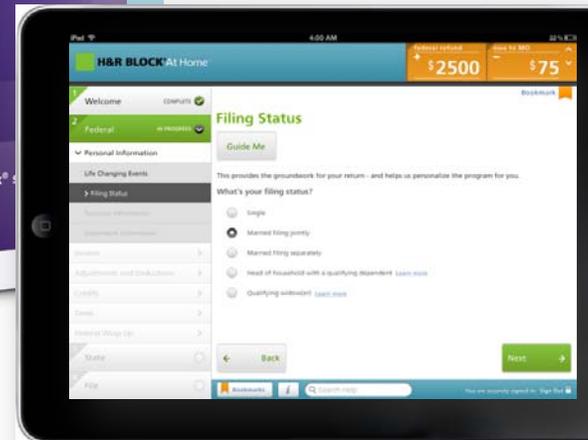
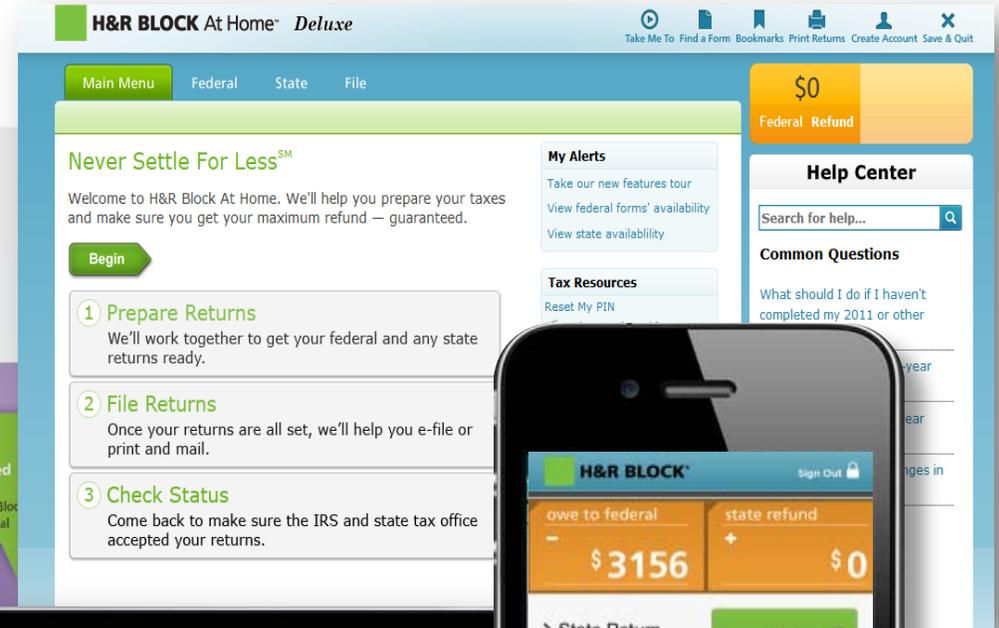
Agenda

- **U.S. tax industry overview**
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 - ✓ **The H&R Block Experience**
 - ✓ *DIY Tax Services*
 - ✓ **Assisted Tax Services**

New for DIY Tax Services in 2013



- Live expert advice
- Introducing Emerald Card
- “My Account” integration
- Health care + taxes
- Mobile enhancements



Live Tax Advice via Online Chat



New feature lets client chat with a live HRB tax pro

Available in Online and Desktop Software products

Tax Help



Chat live with an H&R Block tax professional

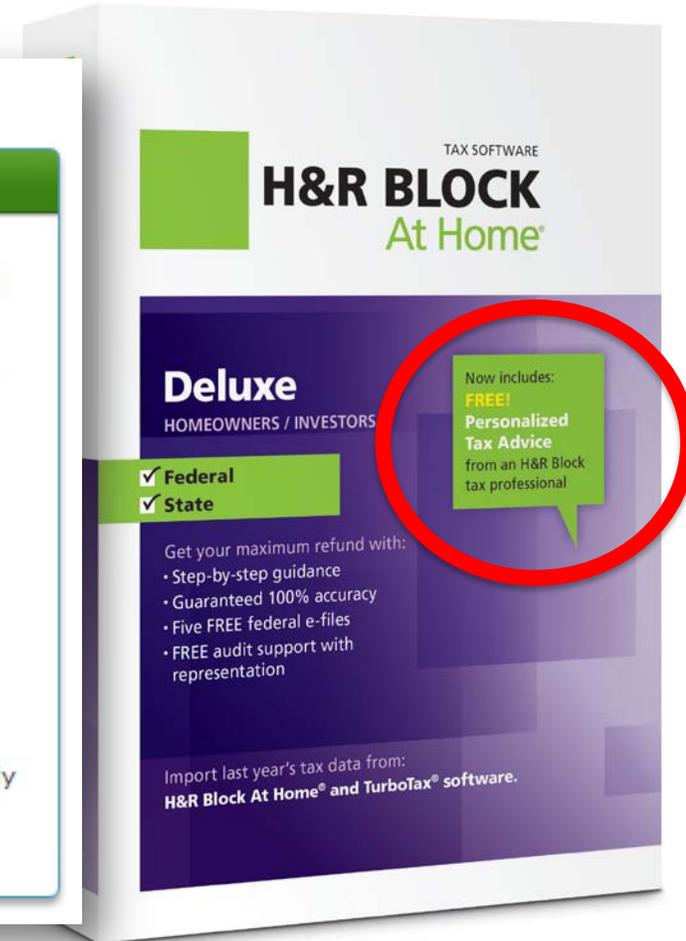
If you have a tax-related question, you can contact an H&R Block tax professional for expert tax advice.

[Chat Now](#)

Estimated wait time: 1 minute

Hours of operation:
10am – 10pm CST, Monday – Friday
9am – 5pm CST, Saturday and Sunday

First email or chat is free. Fees will apply for additional questions.



TAX SOFTWARE
H&R BLOCK
At Home®

Deluxe
HOMEOWNERS / INVESTORS

- ✓ Federal
- ✓ State

Get your maximum refund with:

- Step-by-step guidance
- Guaranteed 100% accuracy
- Five FREE federal e-files
- FREE audit support with representation

Import last year's tax data from:
H&R Block At Home® and TurboTax® software.

Now includes:
FREE!
Personalized
Tax Advice
from an H&R Block
tax professional

Emerald Card Offered to Online clients



New availability of the Emerald Card as an option to receive your refund

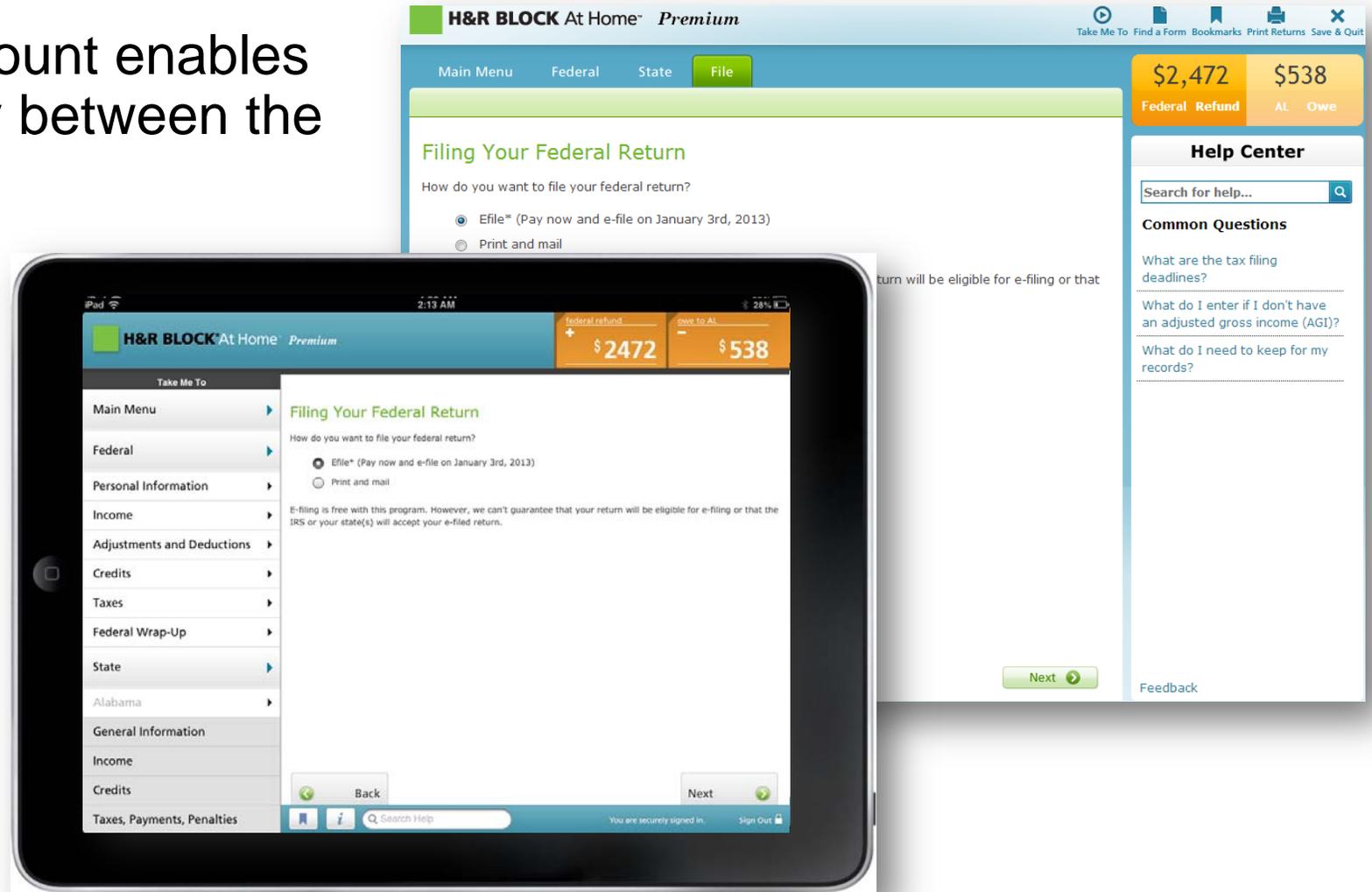
Leveraging experience improvements to expand client value

The screenshot displays the H&R BLOCK At Home Premium website interface. At the top, the user's federal refund amount is shown as \$4,421. The main content area features a promotional banner for the Emerald Card, stating "Get your tax refund faster and MAKE EVERY DAY A PAYDAY with Emerald Prepaid MasterCard®". Below the banner, three reasons are listed for choosing a free Emerald Card: 1. Fast refund processing, 2. Wide acceptance at retailers, and 3. Monthly cash rewards. Logos for participating retailers like Best Buy, Target, iTunes, Dunkin' Donuts, and Quiznos are shown. A survey question asks if the user is interested in putting their refund on an Emerald Card, with "Yes" and "No" options. The right sidebar contains a search bar and a "Common Questions" section with links to help topics.

Move Seamlessly between Online & Mobile



New “My H&R Block” account enables users to move seamlessly between the Online and iPad app



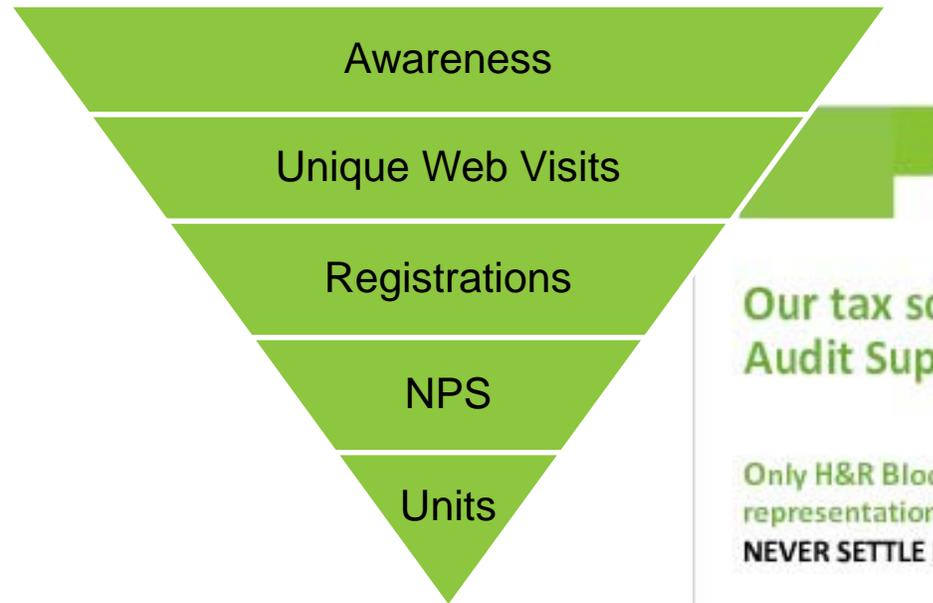
Continue Focus on Improving Product Conversion & Awareness



H&R BLOCK®
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Continue conversion focused interview improvements

Continue leveraging audit support to bring awareness to the power of our tax software



AdChoices ⓘ

Nobody knows taxes like H&R Block.

File for free >

Our tax software has **Worry Free Audit Support.**

Only H&R Block At Home™ offers free representation in case of an IRS audit.
NEVER SETTLE FOR LESS™ ▶

FILE ONLINE NOW >

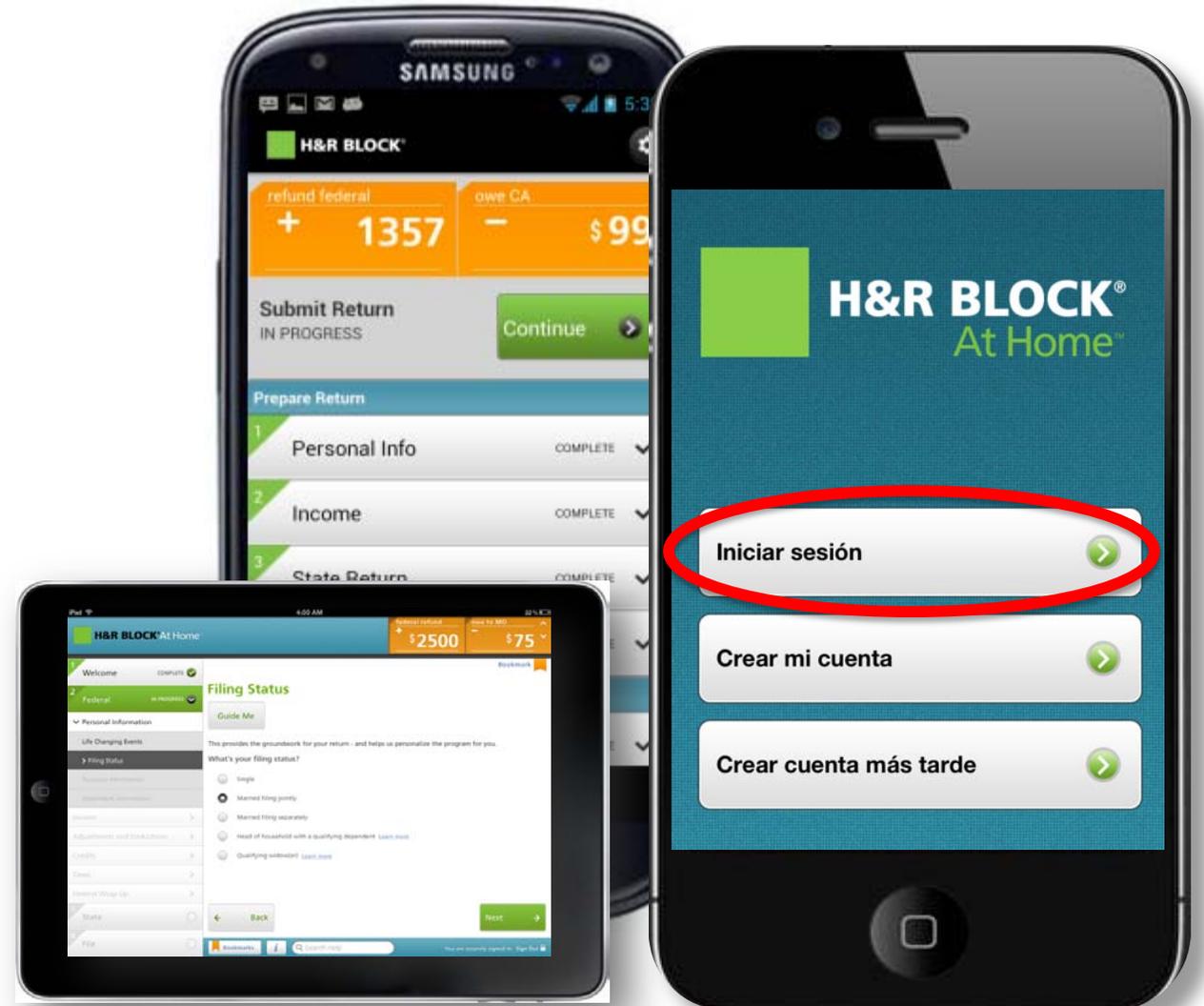
New for DIY Mobile in 2013



Apps available today:
iPad (all returns), 1040EZ
smart phone (Droid/iOS)

2013 enhancements:

- Spanish interview
- W-2 import functionality
- Improved W-2 OCR (photo scan)
- “Try before you buy” app access
- Prior year PDF access





Agenda

- **U.S. tax industry overview**
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 - ✓ **DIY Tax Services**
 - ✓ *Assisted Tax Services*

Creating a Great Client Experience Through Consistent Service Quality



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Before the visit

Leveraging technology to create **systematic protocols**:

- Appointment creation
- Perfect the match
Same,
Referred, or
Best tax pro

In-office experience

Front Desk sets the tone...

Get the client to the right tax professional

Deliver Service Promise

Drive more value:
Emerald Card,
Second Look, and
Peace of Mind

Following-up

Personalized follow-up

At-risk client segmentation

Account registration,
engagement

Year-round access
and service

Consistent Service Quality = Long-Term Relationships

Before the visit

Long-term
retention benefit:
+2 to 3 pts

In-office experience

Long-term
retention benefit:
+1 to 2 pts

Following-up

1 pt of retention
=
\$18 mm
pretax
earnings

Health Care Timeline for Consumers



H&R BLOCK®
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2013

Tax preparation

Employer coverage
on W-2

Health Care enrollment

Prior-year tax return
used

Health Care Timeline for Consumers



H&R BLOCK®
NEVER SETTLE FOR LESS™

2013

Tax preparation

Employer coverage
on W-2

Health Care enrollment

2014

Americans must
obtain coverage or
face tax penalty on
their 2014 return

Prior-year tax return used

Health Care Timeline for Consumers



H&R BLOCK®
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2013

Tax preparation

Employer coverage
on W-2

Health Care enrollment

2014

Americans must
obtain coverage or
face tax penalty on
their 2014 return

2015

2014 tax return
required for those
who took a subsidy

Reconciliation via
2014 tax return

Prior-year tax return used

Health Care + Taxes in TS13



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- Opportunity for client acquisition by addressing uncertainty and client needs
- This year, we'll help educate our clients regarding:
 - ✓ The role of the 2012 tax return in “exchange” enrollment
 - ✓ What is a subsidy / Medicaid qualification
 - ✓ Out of pocket penalties for no coverage
- Clients will walk away with:

A satisfied tax experience!



Independent Tax Preparer Acquisition



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- Goal: take advantage of market conditions to convert independent tax preparers to HRB
- 49% of tax preparers are independent
- Changing industry dynamics:
 - ✓ Increased regulatory and compliance costs
 - ✓ Limited availability of RALs
- Target areas:
 - ✓ 25K independents with > 500 returns per office
 - ✓ Highest quality or key target markets
- Successfully integrate into the HRB system



Leveraging 3rd Party Partnerships



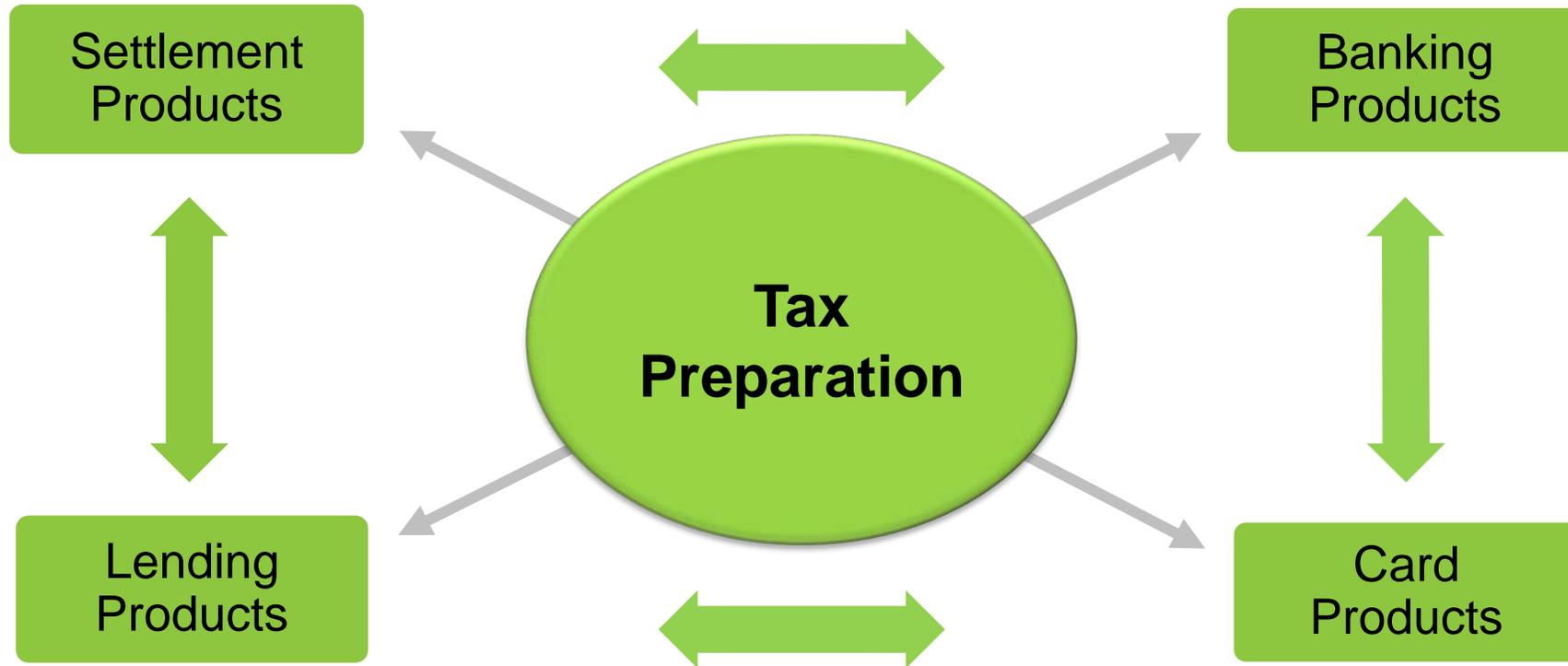
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**Hispanic
Access
Foundation**



Client-centric company with tens of millions of clients





H&R BLOCK[®]
NEVER SETTLE FOR LESSSM

2012 Investor Conference
December 6, 2012



H&R BLOCK[®]
NEVER SETTLE FOR LESSSM

Susan Ehrlich
President, Financial Services

Overview



- Review our business model
- Observations on the competitive landscape
- Overview of product suite and new developments
- H&R Block Bank



Financial Services: Core Component of “Tax Plus” Strategy



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Our Financial Services strategy is focused on:

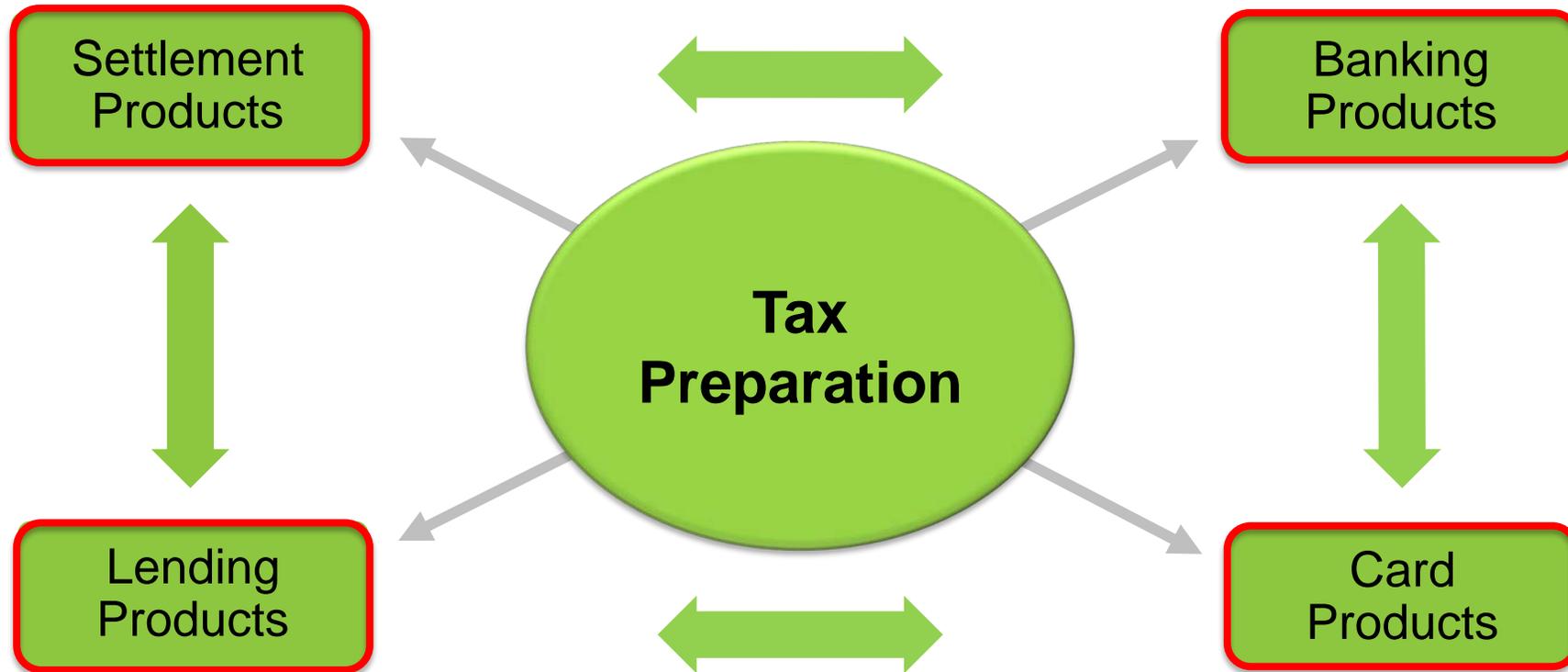
- Leveraging our exclusive distribution channel
- Providing differentiated products
- Building year-round relationships

...Delivering Tax Plus





Client-centric company with tens of millions of clients



Our Competitive Advantage: Integration Into the Tax Interview Experience



H&R BLOCK®
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Leverage HRB's trusted advisory relationship



Integrate products with *superior customer value* into the *tax interview*



Support with industry-leading *online* and *mobile* servicing



Extend and grow these relationships through year-round *lifecycle marketing*



Enhance revenue opportunities through segmentation, *cross-sell* and *new product* development

Goal: Meet Our Clients' Money Management Needs



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Anywhere. Anyway. Anytime.

Customer Service



Card

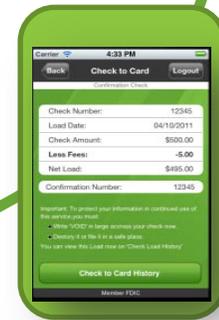
Office



Kiosk/ATM



Mobile



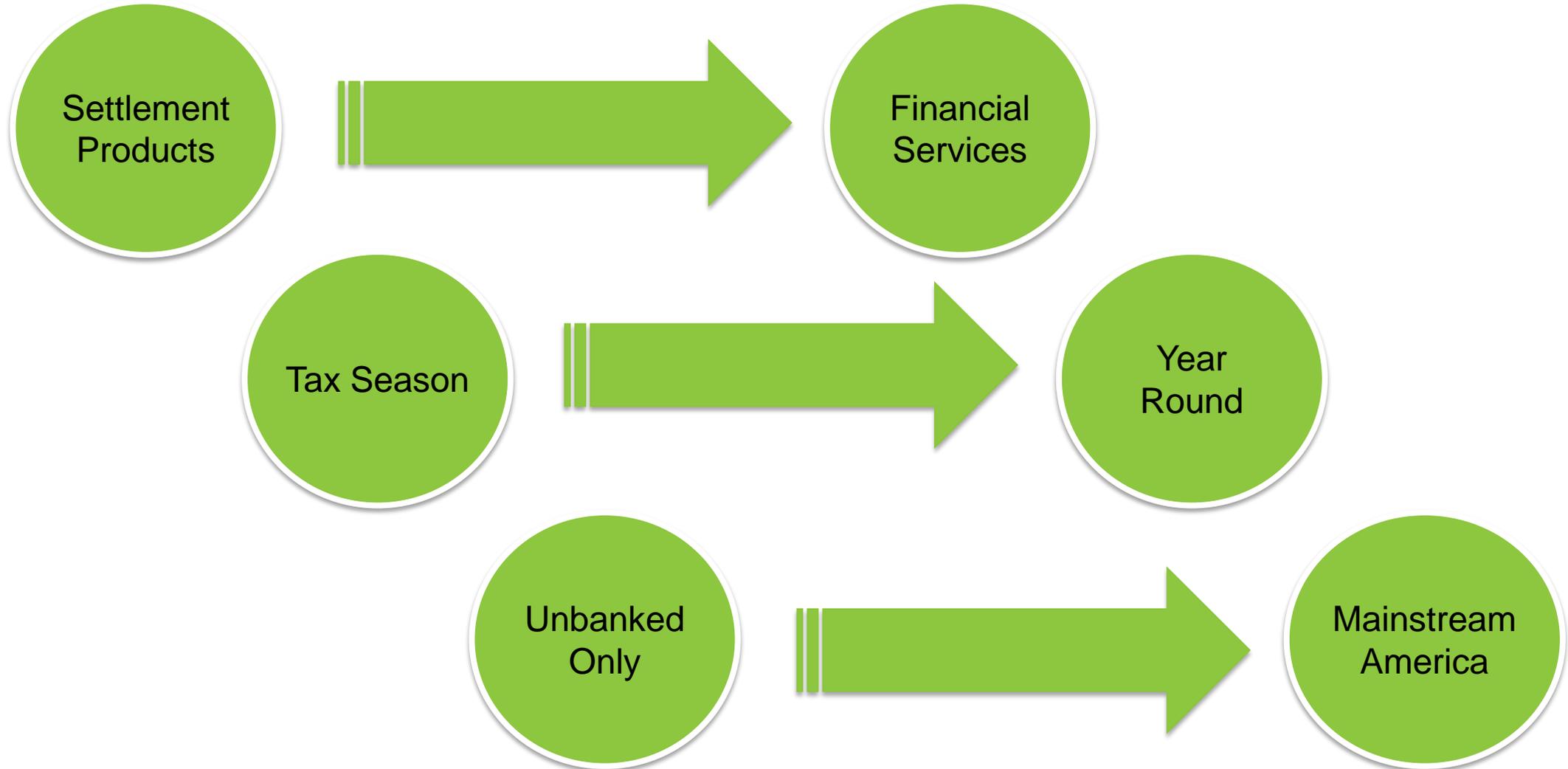
Online



We're On a Journey...



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THE LANDSCAPE

Historically Focused on Financially Underserved



■ Modest incomes

- 68% under \$50K
- 14% greater than \$75K

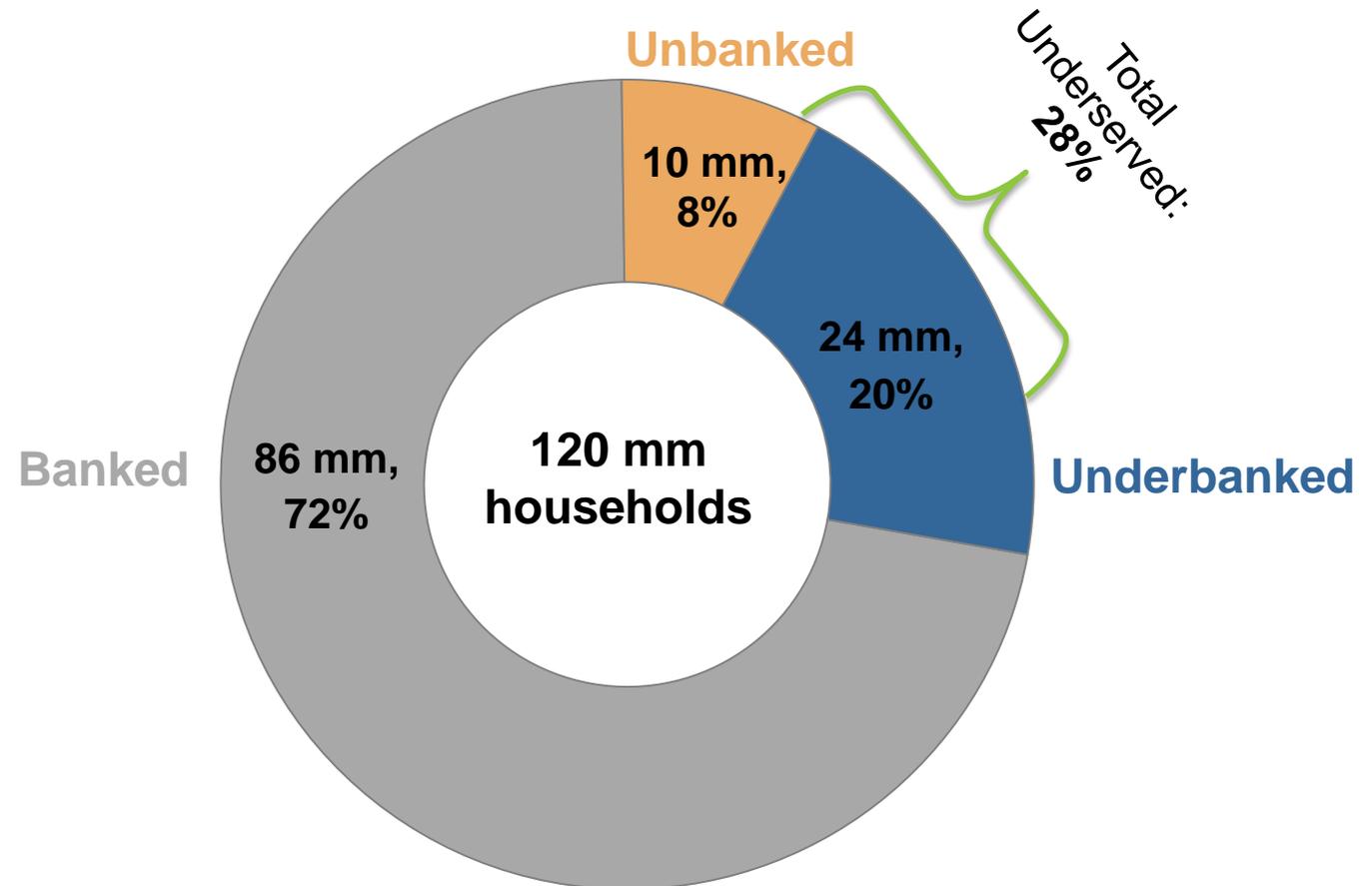
■ Age skews young

- 9.5 mm are Gen Y

■ Credit is less established

- Only 25% with Prime scores

34 mm U.S. households –
68 mm people are financially underserved



Mainstream Consumers are Looking for Alternatives Too...



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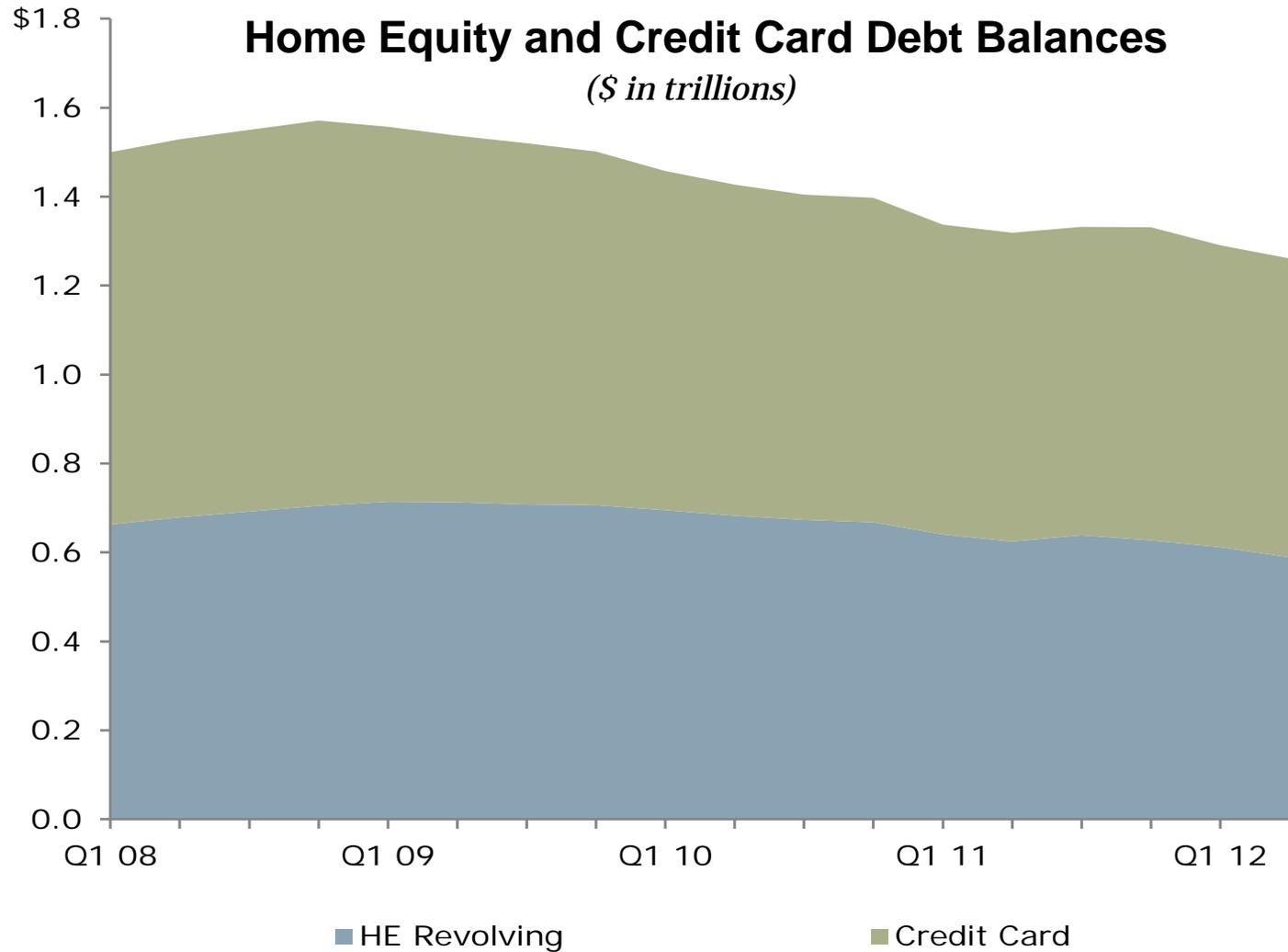
- One in 10 American households driven from banking system
- 58% of customers bank with more than one company—up 9% from prior year
- 30% now have a nonbank payment account (like PayPal)



These Households Have Seen Access to Credit Decline...



H&R BLOCK®
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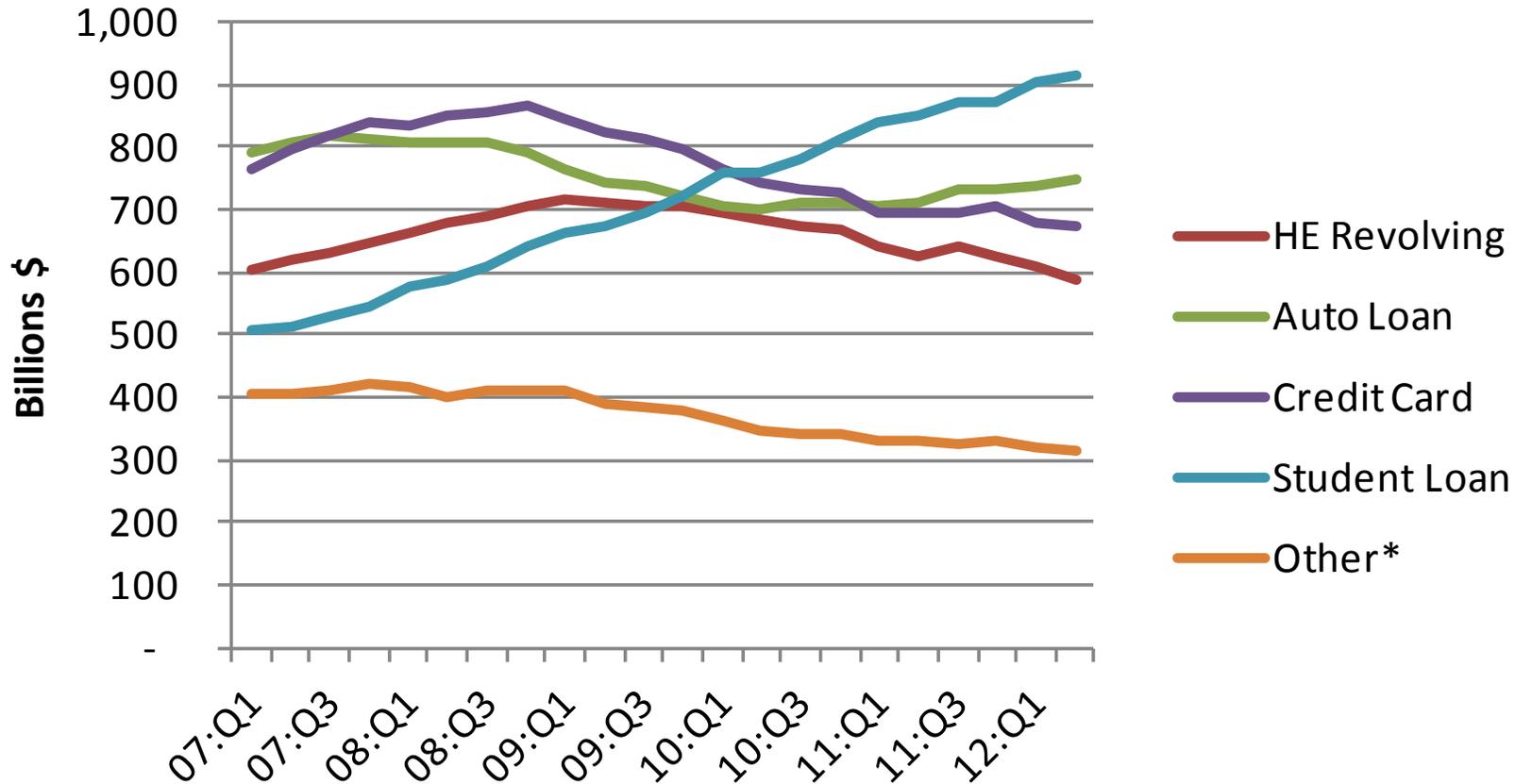


Source: Wells Fargo Securities

These Households Have Seen Access to Credit Decline



Non-Mortgage Household Debt: 1Q07 to 2Q12

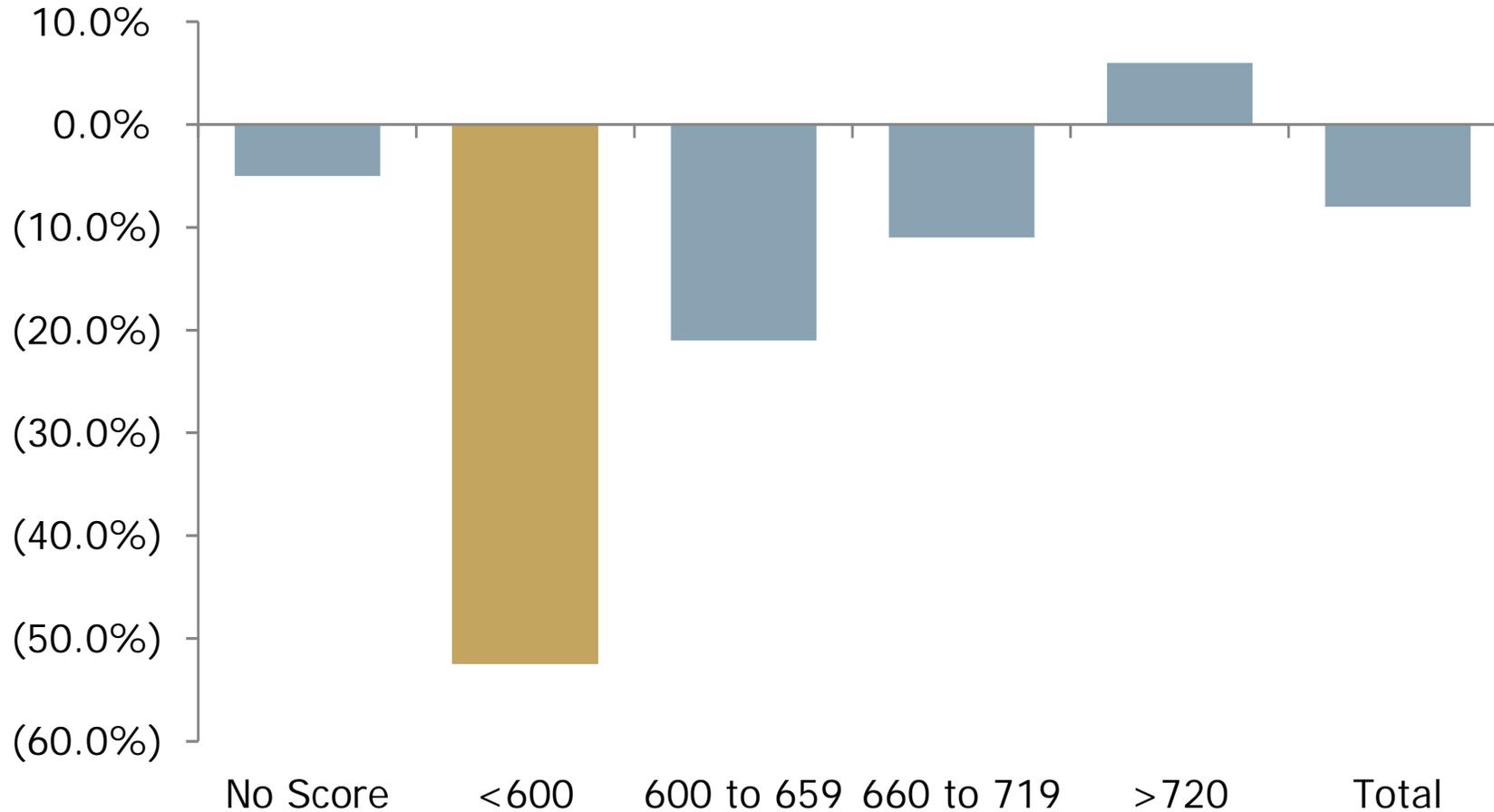


Change Most Pronounced In the Lower FICO Range



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\$ Change in Lending by FICO: 2009 – 2011



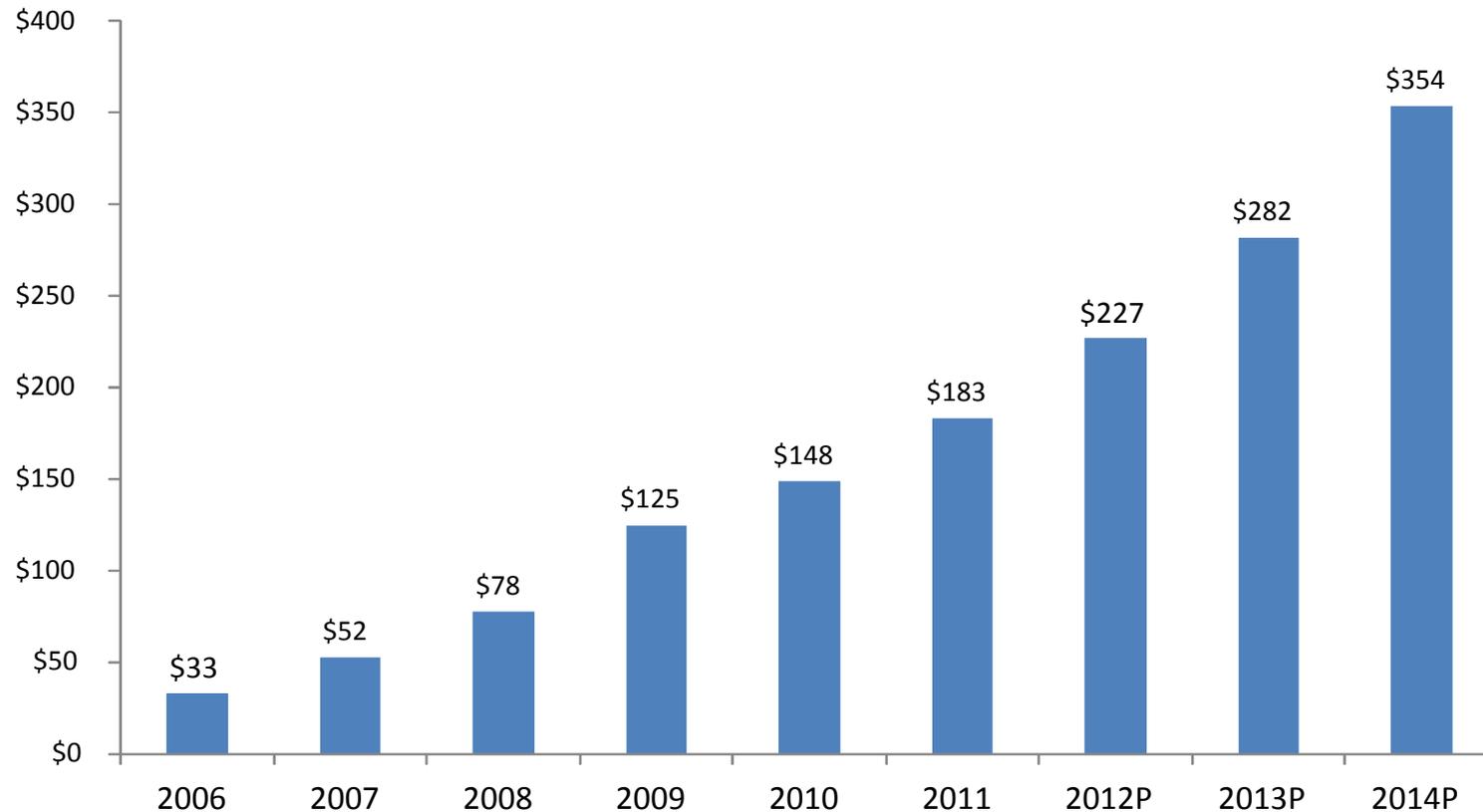
These Consumers are Fueling Prepaid Growth



H&R BLOCK®
NEVER SETTLE FOR LESS™

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

GPR Prepaid Load Volume in Billion \$ from 2006 - 2014



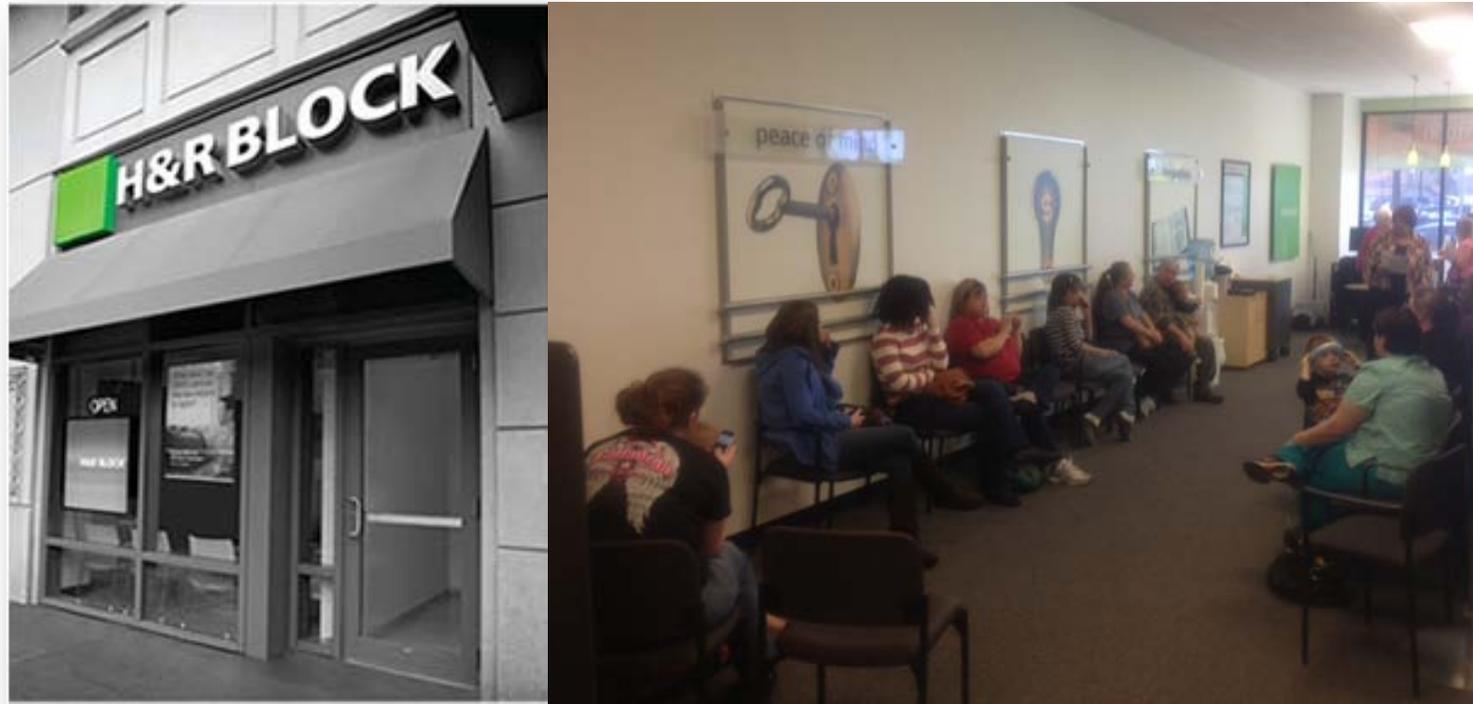
Source: Mercator Advisory Group

And They're Driving Demand for Alternative Forms of Credit

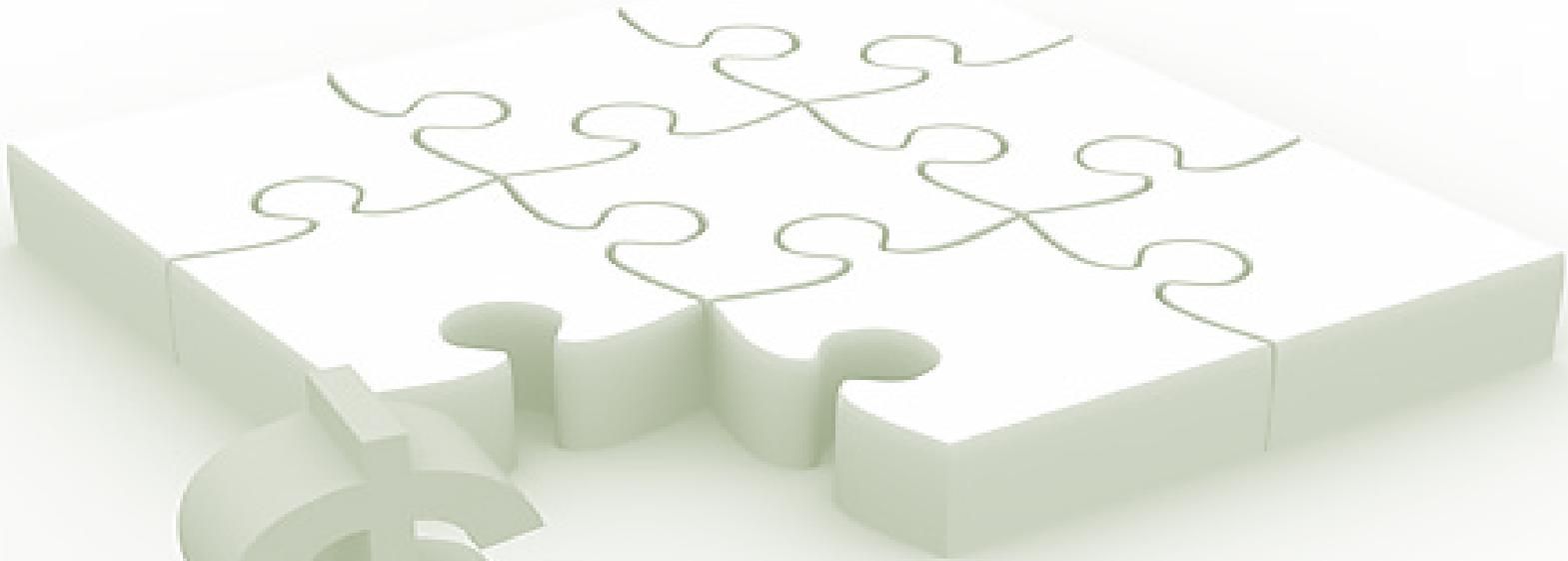


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HRB continues to see clients lining up at our offices during our Emerald Advance season



We are well positioned to take advantage of these trends



OUR PRODUCT SUITE

Our Products



H&R BLOCK®
NEVER SETTLE FOR LESS™

**Settlement
Products**

**Emerald
Card**

**Emerald
Advance**

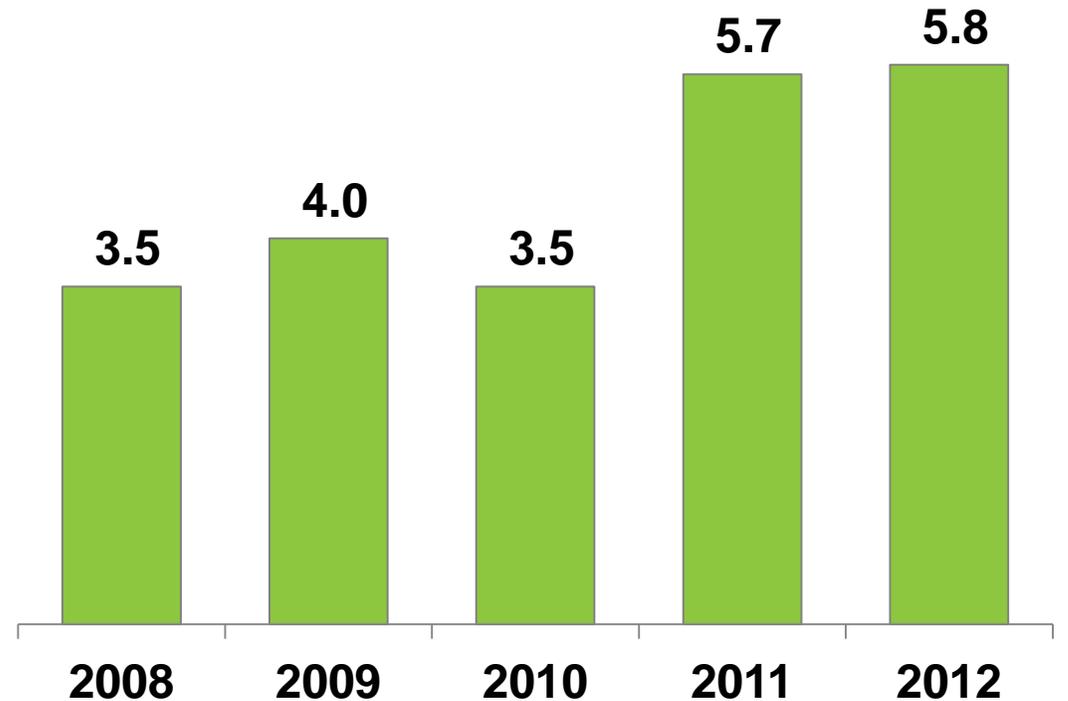
**Money
Express**

Settlement Products



- Last year, 53% of our early-season assisted clients took a settlement product
- Refund Transfer volume has remained strong over the years

Refund Transfer Units
(in millions)



Settlement Products



- Every client can benefit from the convenience of paying for tax prep by withholding fees from their refund
- We are improving the way we communicate this in our office collateral
- And we're improving the way tax professionals present this in the tax interview...



Our Products



H&R BLOCK®
NEVER SETTLE FOR LESS™



**Emerald
Card**



Emerald Card

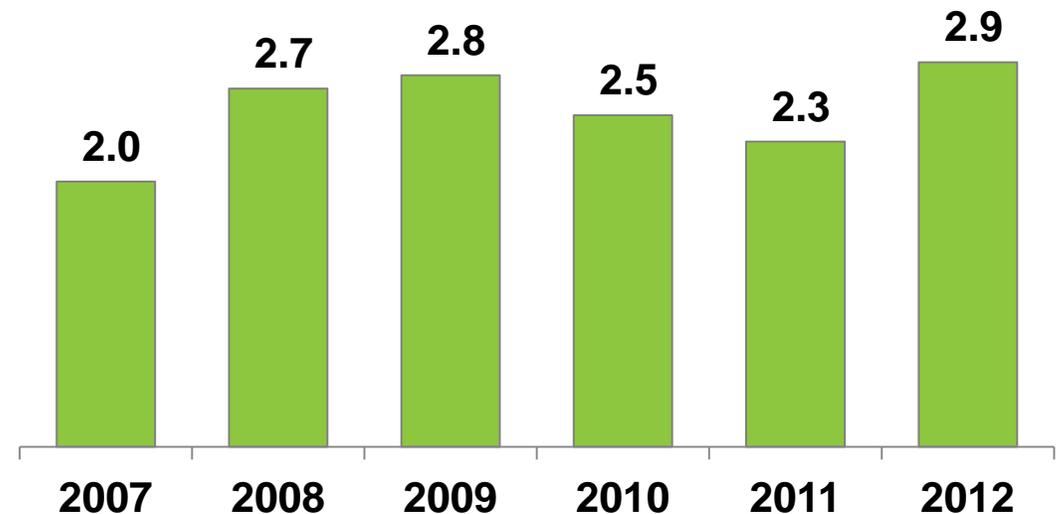


H&R BLOCK®
NEVER SETTLE FOR LESS™

- 2.9 mm cards issued in 2012
- \$9.5B in funds loaded
- Rated in the Top 3 by Bankrate.com
- Steady stream of fee-based revenues



Emerald Cards
(in millions)



...We are focused on growing accounts, usage, and revenue

Fee Schedule: Simple, Competitive



H&R BLOCK®
NEVER SETTLE FOR LESS™

- Zero Monthly Fees
- Zero Purchase or Activation Fee
- Zero Usage Fees



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

New Rewards Value Proposition will Help Drive Acquisition and Use



H&R BLOCK®
NEVER SETTLE FOR LESS™

- Launched in August to all cardholders
- Weekly emails with card-linked merchant offers
- Shop at participating merchants and get cash back
- No coupons to clip or points to track. Ever.

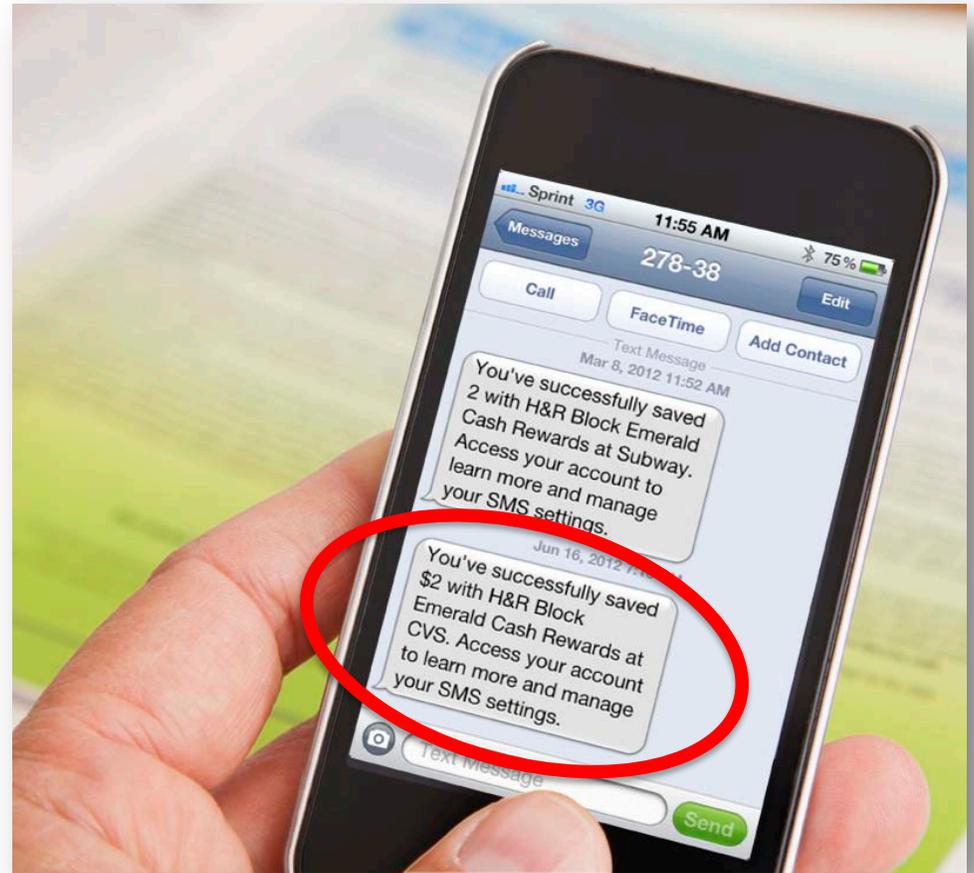


Clients Can Save More than \$100 per Month on Everyday Purchases with Emerald



H&R BLOCK®
NEVER SETTLE FOR LESS™

- Cash back is posted *instantly* with a qualifying purchase at top merchants:

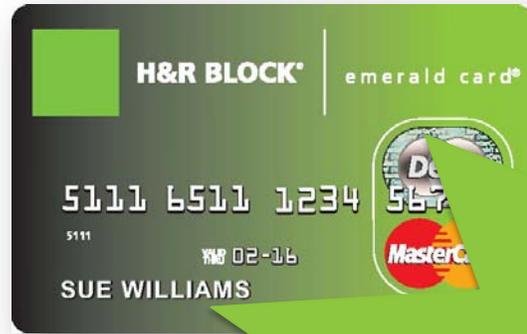


Improvements Set the Stage for Focus On Direct Deposit and Usage...



H&R BLOCK®
NEVER SETTLE FOR LESS™

Personalized Card



Mobile App w/ Check to Card

Our year-round cardholders reload and spend 3x the average Emerald Card user



Welcome Kit



Tied to My Account

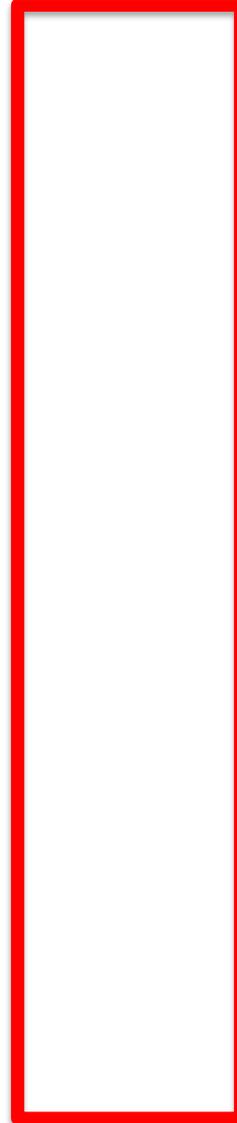
Emerald Online

We're Well Positioned vs. Other Programs



H&R BLOCK®
NEVER SETTLE FOR LESS™

- ✓ Instant Cash Rewards
- ✓ Mobile Check Loads
- ✓ Cell Phone Top Up
- ✓ Check/Pay Anyone
- ✓ Emerald Savings
- ✓ Line of Credit access



Bluebird Assessment

Marquee names like Amex and Walmart help “legitimize” the category...

Features:

- ✓ 4,300 + high traffic locations
- ✓ Convenient hours
- ✓ No account fees
- ✓ 2,200 no-fee ATMs



Shortcomings:

- ✓ Not FDIC insured
- ✓ No Government benefits/tax refunds
- ✓ Limited merchant acceptance
- ✓ Up to 5 days for mobile check deposits

...However, certain features reduce product relevance for our clients

Our Products



H&R BLOCK®
NEVER SETTLE FOR LESS™



**Emerald
Advance**



Piloting New Credit Programs



H&R BLOCK®
NEVER SETTLE FOR LESS™

H&R BLOCK®
personal term loan

powered by **billfloat.**

Take advantage of a great opportunity. Access money when you need it.

The H&R Block Personal Term Loan

- Pay back over 3, 6, 9 or 12 months
- Repayment plans that meet your needs [More](#)
- Automatic monthly payments
- Simple application process [More](#)

"I was approved instantly for \$500. Now I've got peace of mind and 6 months to pay it back"

1 Easy application
2 Instant decision
3 Direct transfer

YOUR BANK

Create an account | Login

Ready to go? Start your application

Email address

Password

8 characters, 1 letter and 1 number

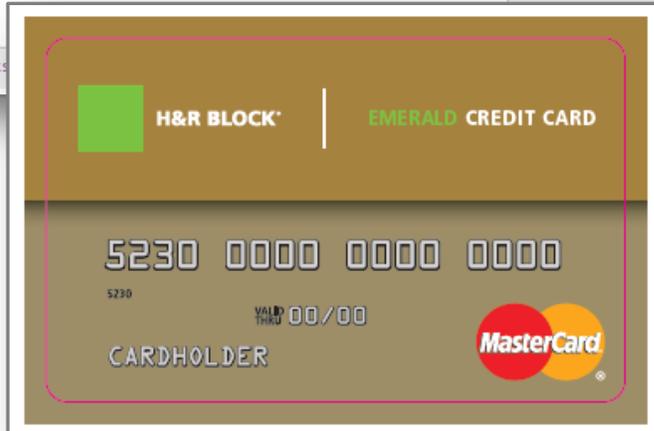
Confirm Password

Reservation code [?](#)

By clicking Get Started, you agree to the [Terms of Service](#) and [Privacy Policy](#).

Now

About the Personal Term Loan
Pricing | How it works



H&R BLOCK®
bank

ACCEPT YOUR CARD TODAY
Pre-approved credit limit of \$600
Confirmation Code XXXX-XX

YOU'RE PRE-APPROVED

Sample A. Sample
1234 Somewhere Street
Kansas City, MO 64105
FPO

Dear Sample A. Sample,

I'm pleased to tell you that as a valued H&R Block customer, you have been pre-approved to receive the exclusive, new H&R Block Emerald MasterCard®. Simply respond before XX/XX/12 to complete your application.

Reply now to enjoy everyday access to credit
Are you facing expenses this Fall? Need more school clothes for your children? Planning travel at Thanksgiving? You can use your new card wherever MasterCard is accepted, but it'll be especially useful for things like online shopping, where a credit card is essential.

Get fast approval from H&R Block Bank, the company you know and trust
We've created the H&R Block Emerald card specifically for our valued customers. That's why we've pre-approved you and made it extremely easy to apply and claim your card. In fact, online approval takes less than 60 seconds! Apply now.

Limited time only—accept this offer today
Use your Confirmation Code XX-XXXX to apply. Call 888-888-8888, visit [hrbb.com/accept](#) or return the attached reply form.

Sincerely,
Signor O'letter
Signor O'letter
Vice President of Lending
H&R Block Bank

Accept by XX/XX/12
Call 888-888-8888
Visit [hrbb.com/accept](#)
Mail the reply form below

P.S. Your pre-approved status expires Month XX, 2012, so don't wait. Visit [hrbb.com/accept](#) and enter your personal Confirmation Code XXXX-XX to receive final approval in less than 60 seconds.

You can choose to stop receiving "prescreened" offers of credit from this and other companies by calling toll-free 1-888-567 8688. See **PREScreen & OPT-OUT NOTICE** on other side for more information about prescreened offers.

Our Products



H&R BLOCK®
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**Money
Express**

Money Express: New Way to Deliver Money Services



H&R BLOCK®
NEVER SETTLE FOR LESS™

- ✓ Cash Withdrawals
- ✓ Cash Reloads
- ✓ Money Orders
- ✓ Check-to-Card
- ✓ Money transfers
- ✓ Bill payment
- ✓ Top up minutes
(for prepaid phones)

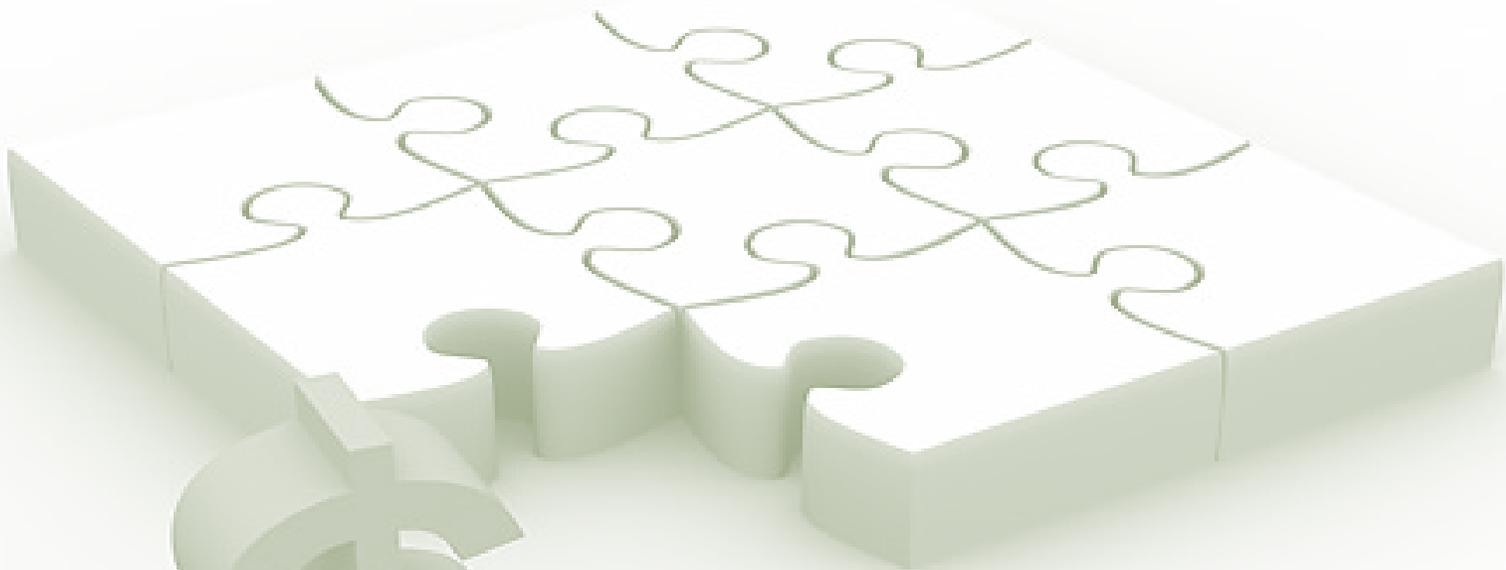


**Piloting in
30 locations**

- ✓ Lower product fees
- ✓ One-stop shop
- ✓ Convenient Block office locations
- ✓ Safe and private area to make transaction
- ✓ Year-round usage and client relationship
- ✓ Incremental revenue and client retention opportunity



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H&R BLOCK BANK

Background on H&R Block Bank



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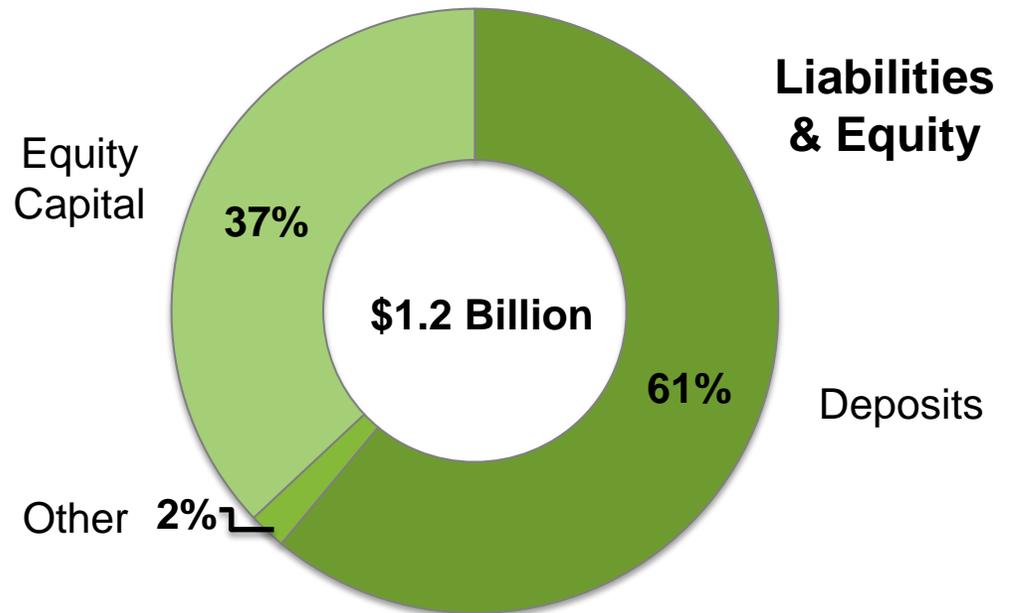
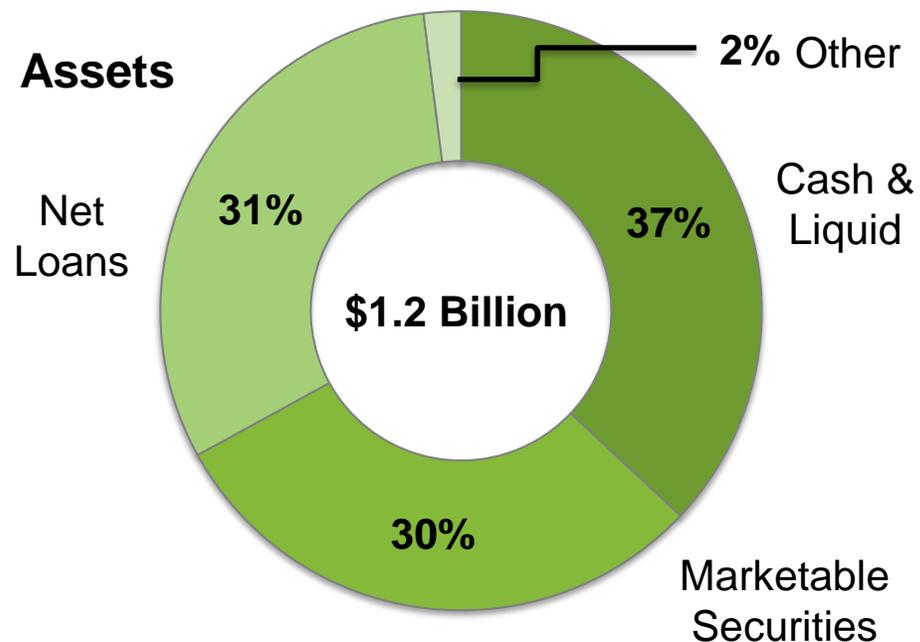
- HRB Bank chartered in 2006
- Conservative portfolio with total assets of \$1.2B
- Ranked # 430 among U.S. Banks
- Stable revenues
- Strong return on assets



Bank Portfolio is Conservative



- 67% of assets readily marketable to match short-term deposits
- Declining, legacy mortgage portfolio
- Line of credit portfolio peaks between 4Q and 1Q
- Sizeable pool of deposits (IRA, Checking, Savings)



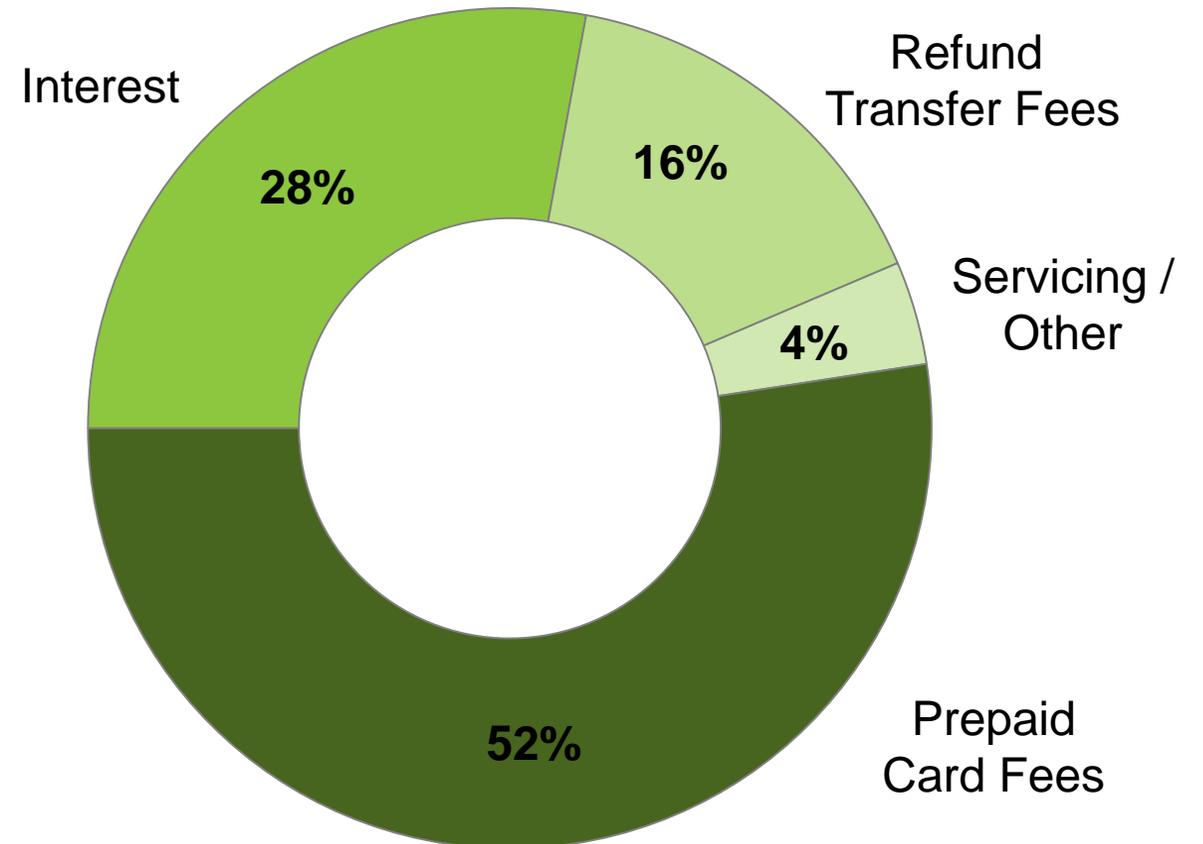
Bank Revenues are Stable



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- Conservative revenue model
- 68% of revenues are fee income from products supporting HRB's customer base
- ROA of 4.37% as of September
 - More than 6x peer performance of 0.74%

2012 Bank Revenue Mix



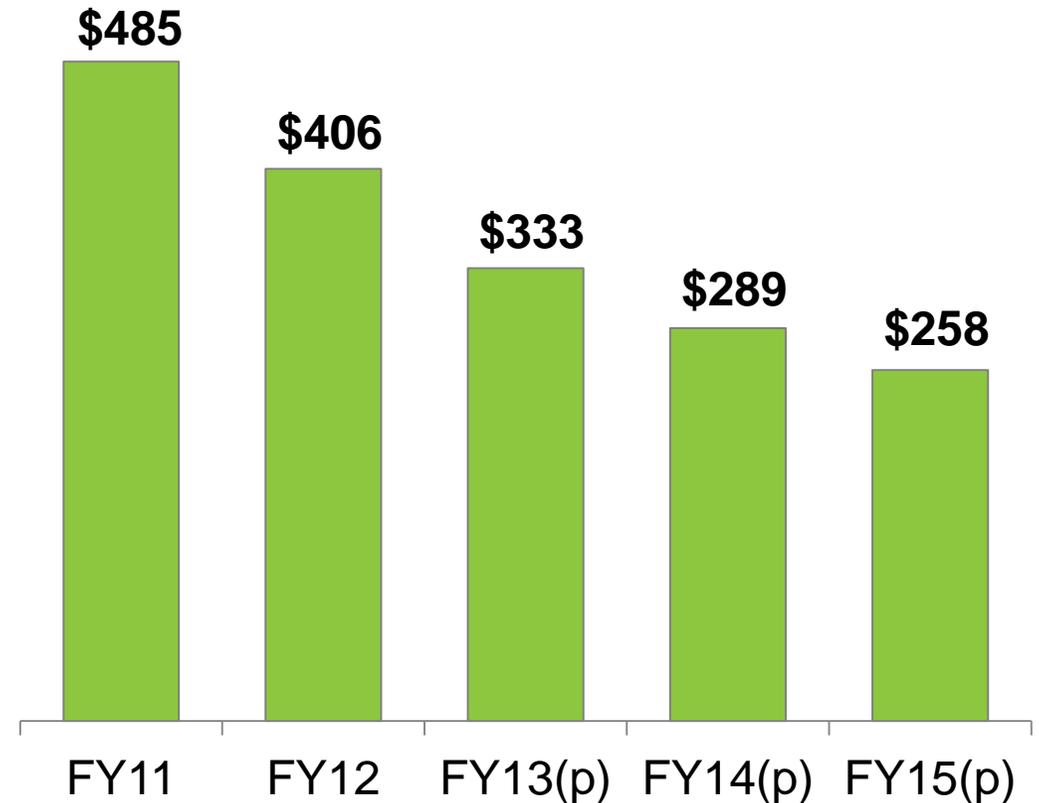
HRB Bank Shrinking Mortgage Portfolio



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- \$371 mm mortgage portfolio as of 10/31
 - Nearly \$1B decrease since FY07
- Loan loss severity flattening and delinquencies trending down
- Mortgage provision declining
 - FY12 expense of \$24 mm (\$11 mm better than FY11)
- We project this trend to continue

HRB Bank Net Mortgage Loans
(in millions)



HRB Bank's Current Capitalization



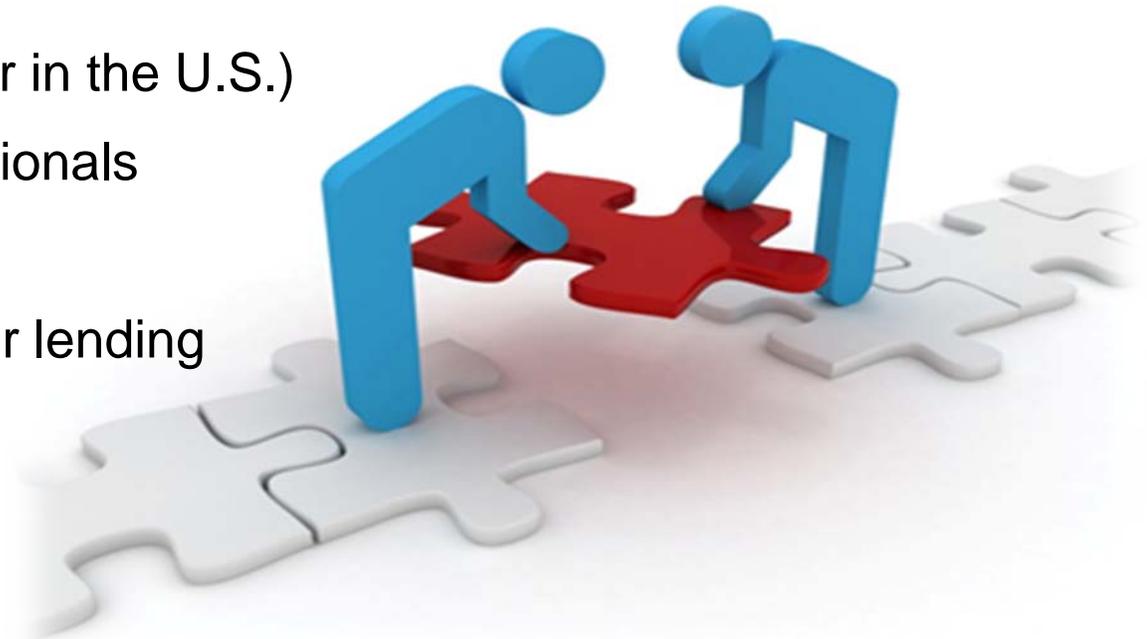
HRB Bank capital ratios are well above the requirements for well-capitalized

	Well Capitalized Ratio	Actual	
		June 2012	September 2012
Tier 1 Leverage Capital	5.0%	38.7%	36.8%
Tier 1 Risk Based Capital	6.0%	122.4%	126.9%
Total Risk Based Capital	10.0%	123.8%	128.2%

Seeking Strategic Alternatives



- On Oct. 9, HRB disclosed it was seeking strategic alternatives to owning a Bank
- Goldman Sachs and First Annapolis Consulting retained to assist in assessing options
- HRB seeking a partner interested in acquiring HRB Bank and working with us to leverage our unique capabilities to build a significant financial services business:
 - 22 mm+ existing U.S. client relationships
 - 11,000 U.S. office locations (4th largest retailer in the U.S.)
 - 90,000+ bank agency-trained U.S. tax professionals
 - \$20B+ in tax refunds facilitated
 - Access to 'ability to pay' income information for lending





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Greg Macfarlane
Chief Financial Officer

Q2 FY13 Summary – Continuing Operations

in millions, except EPS	Actual			Adjusted*		
	Q2 FY13	Q2 FY12	Change	Q2 FY13	Q2 FY12	Change
Revenue	\$137	\$129	6%	\$137	\$129	6%
EBITDA*	(\$117)	(\$159)	26%	(\$117)	(\$141)	17%
Pretax Income (Loss)	(\$162)	(\$204)	20%	(\$163)	(\$186)	13%
Net Income (Loss)	(\$101)	(\$123)	18%	(\$100)	(\$112)	11%
Shares Outstanding	271.1	299.9	-10%	271.1	299.9	-10%
EPS	(\$0.37)	(\$0.41)	10%	(\$0.37)	(\$0.37)	0%

* Adjusted amounts and EBITDA (earning before interest, taxes, depreciation, and amortization) are non-GAAP financial measures. Please refer to our Dec 6, 2012 earning release for more specifics

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Sand Canyon (SCC)

- Received \$10 mm of new claims in Q2
- SCC reviewed \$257 mm of claims
- \$28 mm of claims remain subject to review as of 10/31
- Accrual for representation and warranty-related liabilities remained essentially unchanged at \$129 mm

Limited Mortgage Exposure Expected



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Statute of Limitations

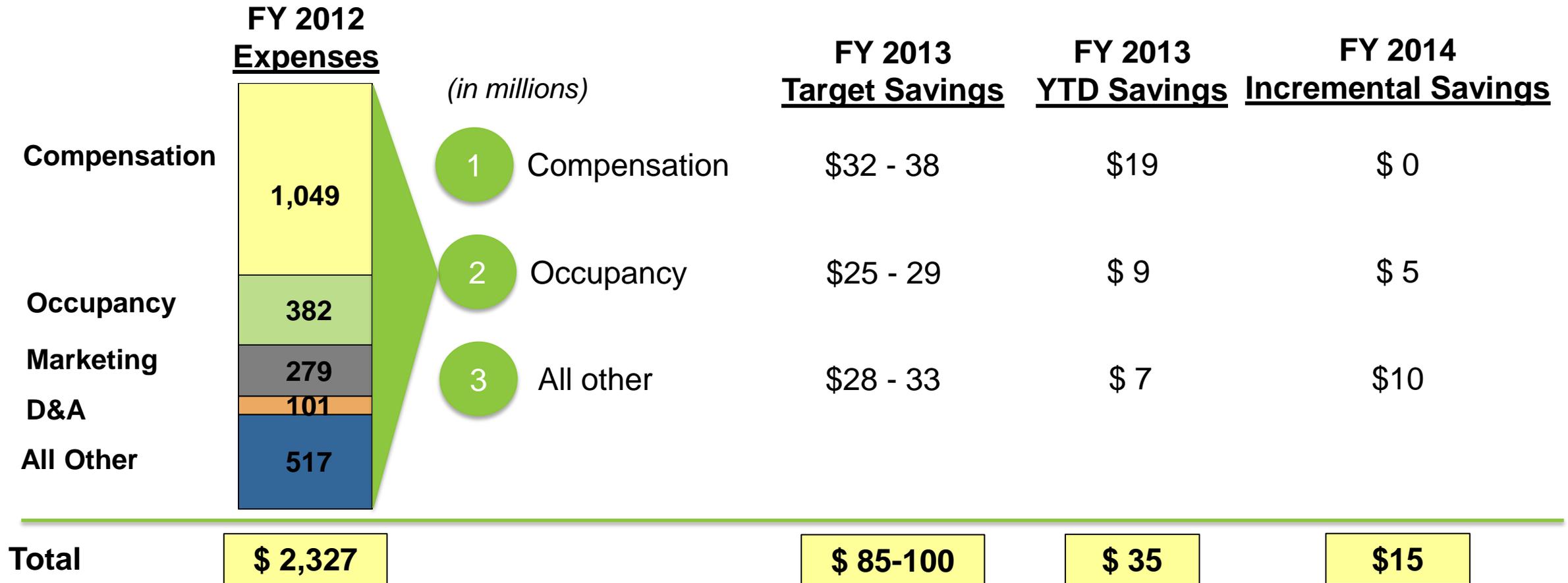
- Time frame in which a buyer can submit a representation & warranty (R&W) claim
- Though it varies by state, generally the statute of limitations is six years
- Materially through expected statute of limitations in the next year

Corporate Veil

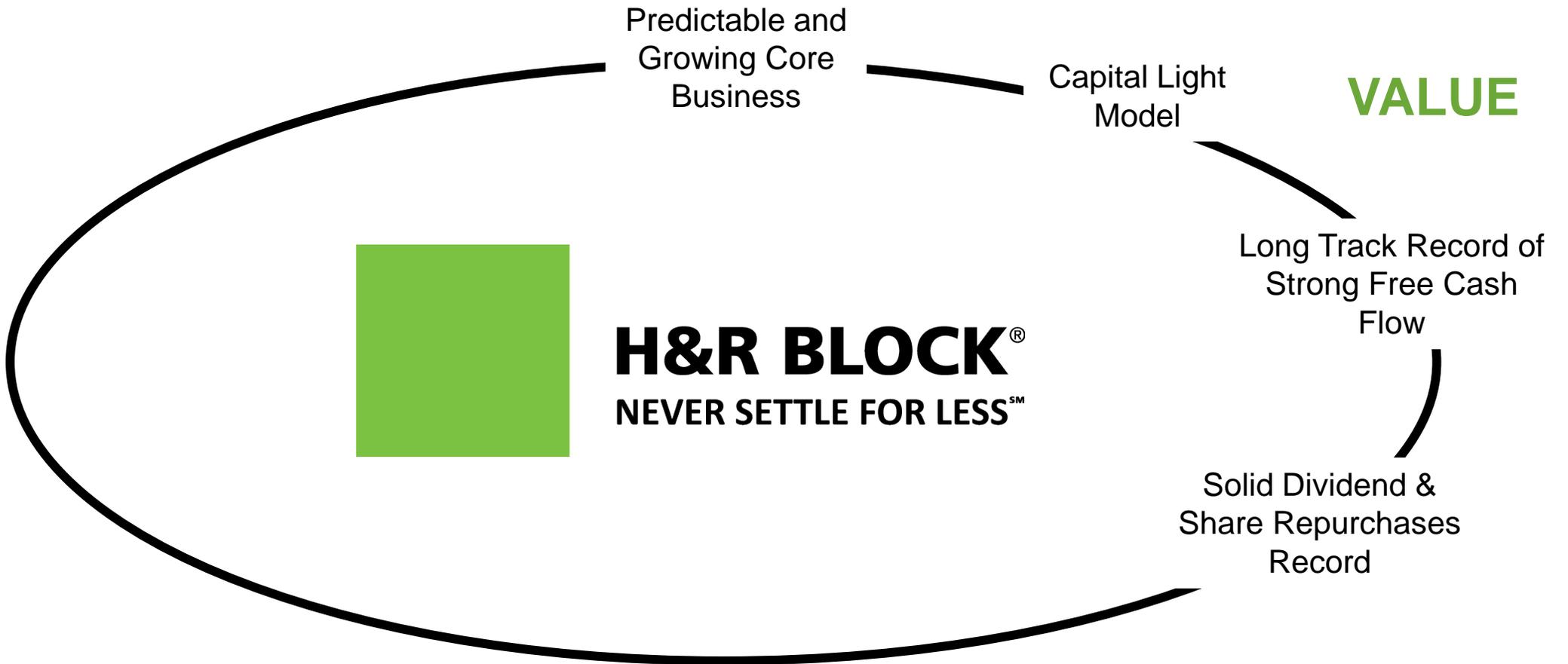
- SCC capitalization as of Oct. 31, 2012: \$129 mm reserves and ~\$300 mm in equity
- SCC R&W claims “chunky”; avg. loss rate over past two years is <1.5%
- SCC always maintained as a stand alone entity, we believe HRB’s legal position is strong on any potential corporate veil-piercing arguments

Cost Reduction Initiatives

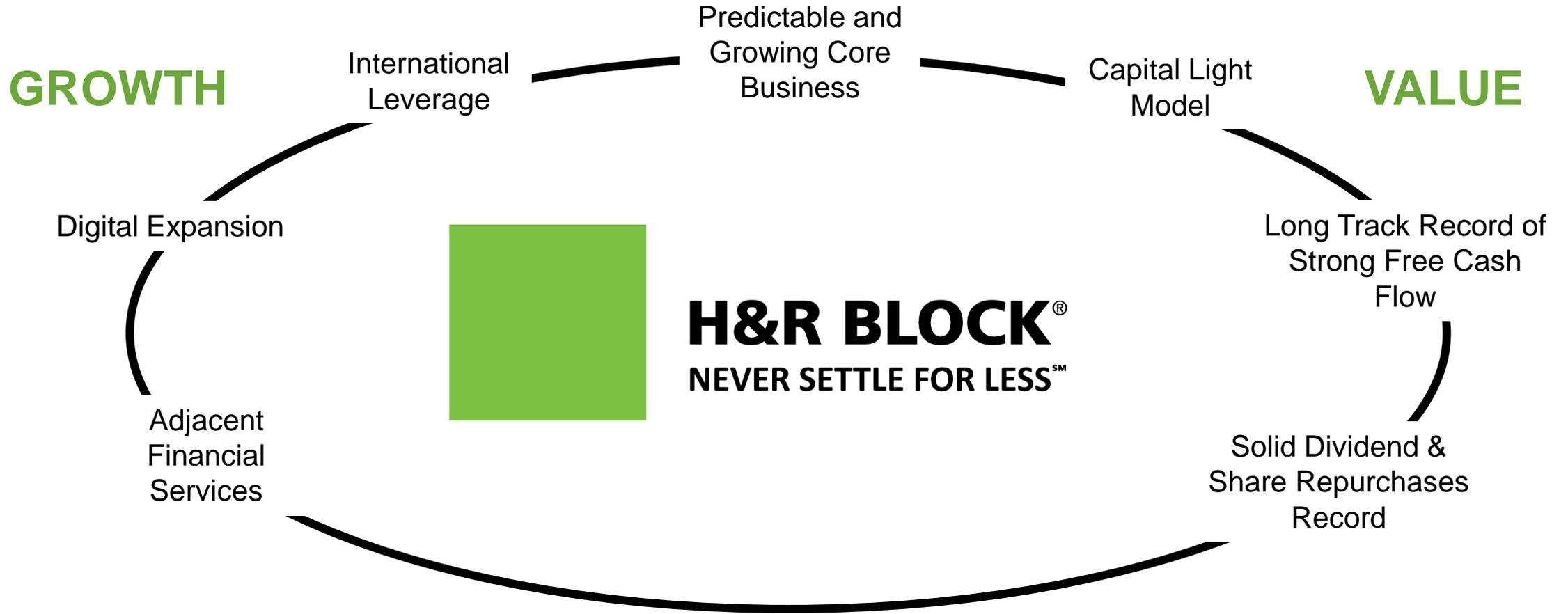
- On pace with targeted cost reductions; expect to add \$85-100 mm of pretax earnings in FY 2013
- Expense savings are back-end loaded due to seasonality of business



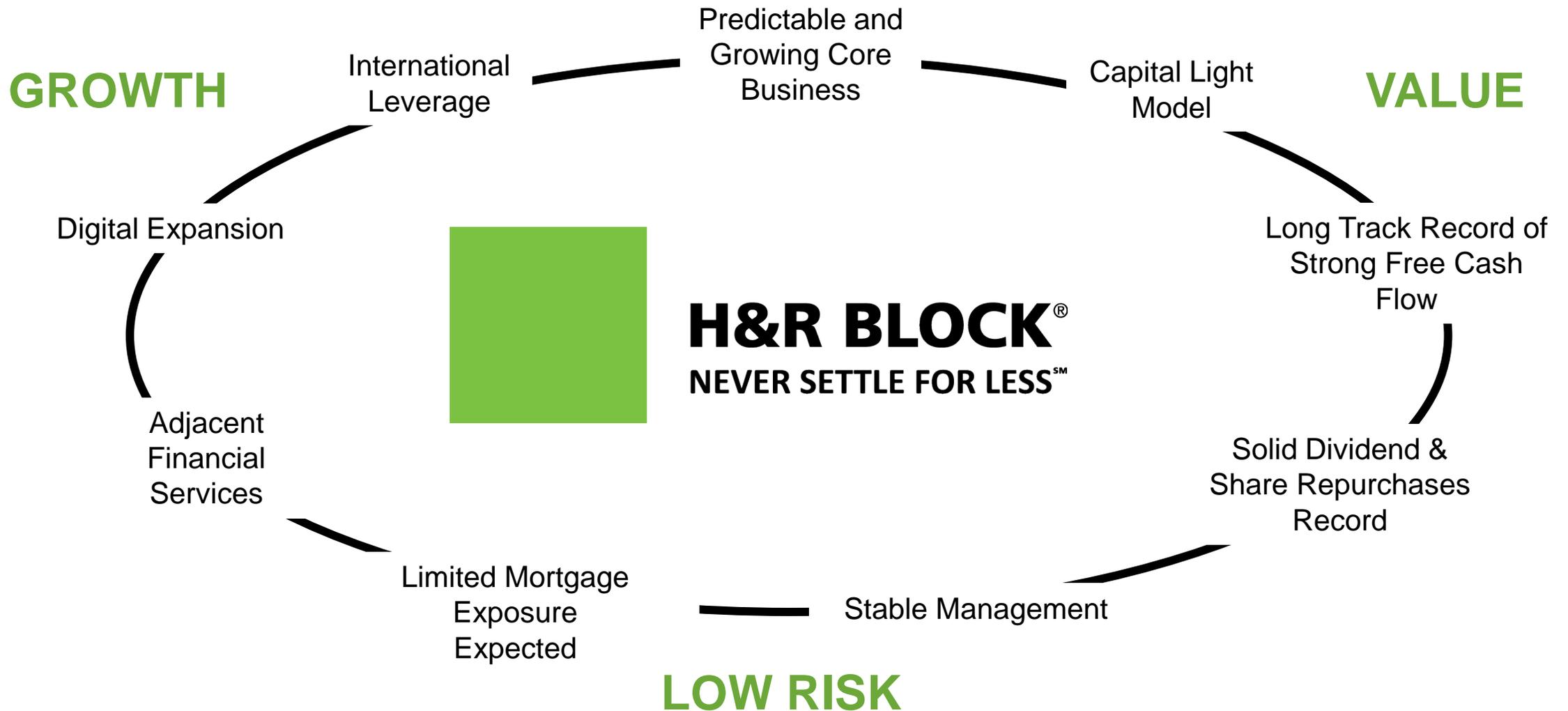
Why H&R Block ...



Why H&R Block ...



Why H&R Block ...

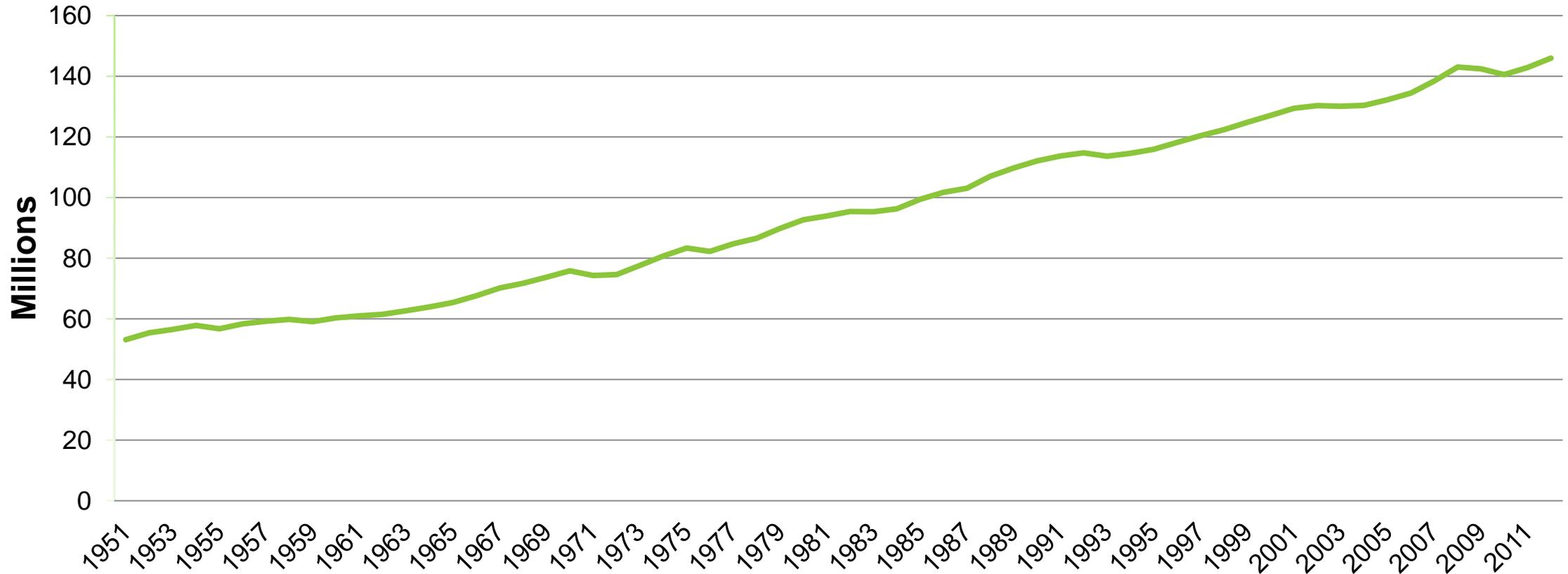


Predictable Core Business



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IRS Returns



Strong Industry Pricing Power



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- Tax prep clients not particularly responsive to price changes
- Elasticity has remained fairly constant over time.....even in current economy
- HRB average annual price increase over the past 10 years has exceeded inflation*
- HRB assisted clients pay \$184 on average
 - Forms based pricing; based on complexity

Professional Tax Services

Complexity Level	Your Tax Situation	Federal Return	State Return	Included At No Extra Charge <ul style="list-style-type: none"> ✓ E-File – Faster refund, greater accuracy, no paper returns to file ✓ Maximum Refund Guarantee¹ – We guarantee we will get you the largest refund you are entitled to ✓ Satisfaction Guarantee² – or you don't pay for your tax preparation ✓ Year-round access to a tax professional ✓ Meet face-to-face and have your return prepared and signed by an H&R Block Certified Tax Professional ✓ Audit Assistance – We will assist you if you are ever audited ✓ If H&R Block makes any errors, we will pay any penalty or interest
1 Low	1040EZ <ul style="list-style-type: none"> ■ Single or Married Filing Jointly ■ No dependents/Children ■ Standard deduction ■ Rent your home 	\$39	\$39	
2	1040A With No Dependents <ul style="list-style-type: none"> ■ Any filing status ■ No dependents/Children ■ Standard deduction ■ Rent or own home ■ Federal Credits: All* 	\$99	\$39	
3	1040A With Dependents <ul style="list-style-type: none"> ■ Any filing status ■ Dependents/Children ■ Standard deduction ■ Rent or own home ■ Federal Credits: All* 	\$119-\$259	\$39-\$99	
4	1040 <ul style="list-style-type: none"> ■ Any filing status ■ Dependents/Children or No dependents/Children ■ Qualify to itemize deductions (e.g. mortgage interest) ■ Federal Credits: All* ■ May have other tax deductible expenses 	\$129-\$309	\$39-\$99	
5 High	1040 Complex Complexity Level 4 Plus: <ul style="list-style-type: none"> ■ Investments ■ Small Business Owners or Self-employed ■ Rental property ■ Partnerships or Corporations 	Starting at \$219 ask your tax professional for a personalized estimate	Starting at \$39 ask your tax professional for a personalized estimate	

Additional Charges May Apply For:
 *Earned Income Credit: No Dependents: +\$40 Dependents: +\$55
Tax Preparer Compliance Fee (Per paid return)
 Fee consists of costs incurred by H&R Block to comply with U.S. tax preparer registration requirements.
Out-of-State Returns
Supplemental Time Spent On Return

Drop-Off Services Available

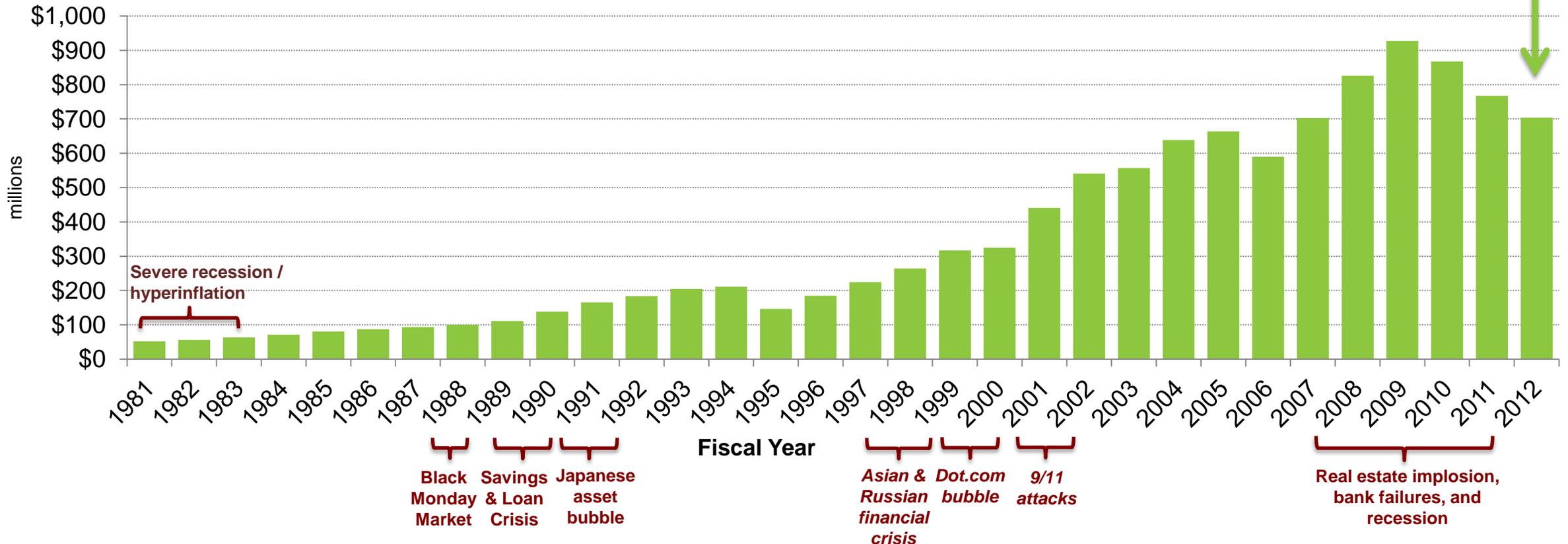
*Inflation rates are calculated from the YOY changes in the April CPI-U (series ID CUUR0000SA0, seasonally adjusted)

Long History of Growing Earnings

Core growth + pricing power = **resilient business model**

Expect cost reduction initiatives to add \$85 to \$100 mm to FY13 pretax earnings

HRB Tax Services segment pretax earnings

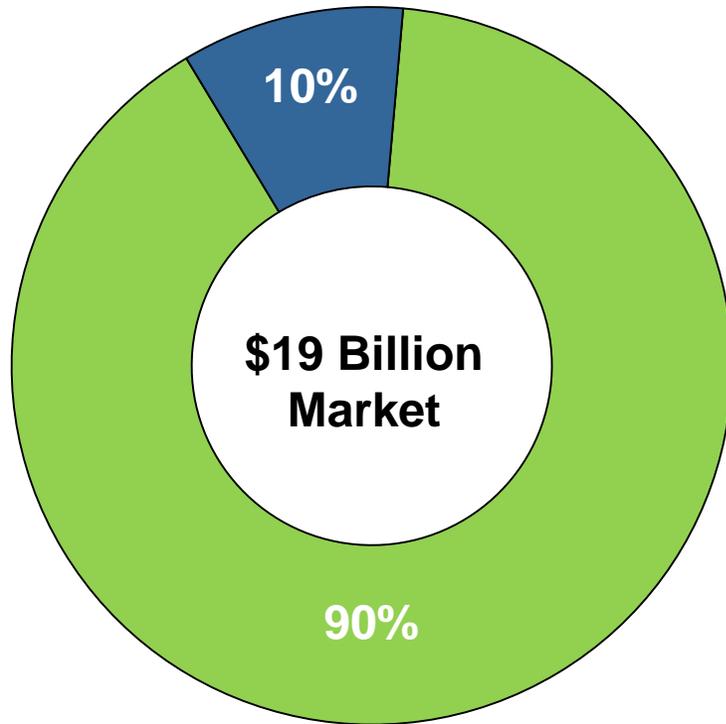


U.S. Tax Preparation Revenue



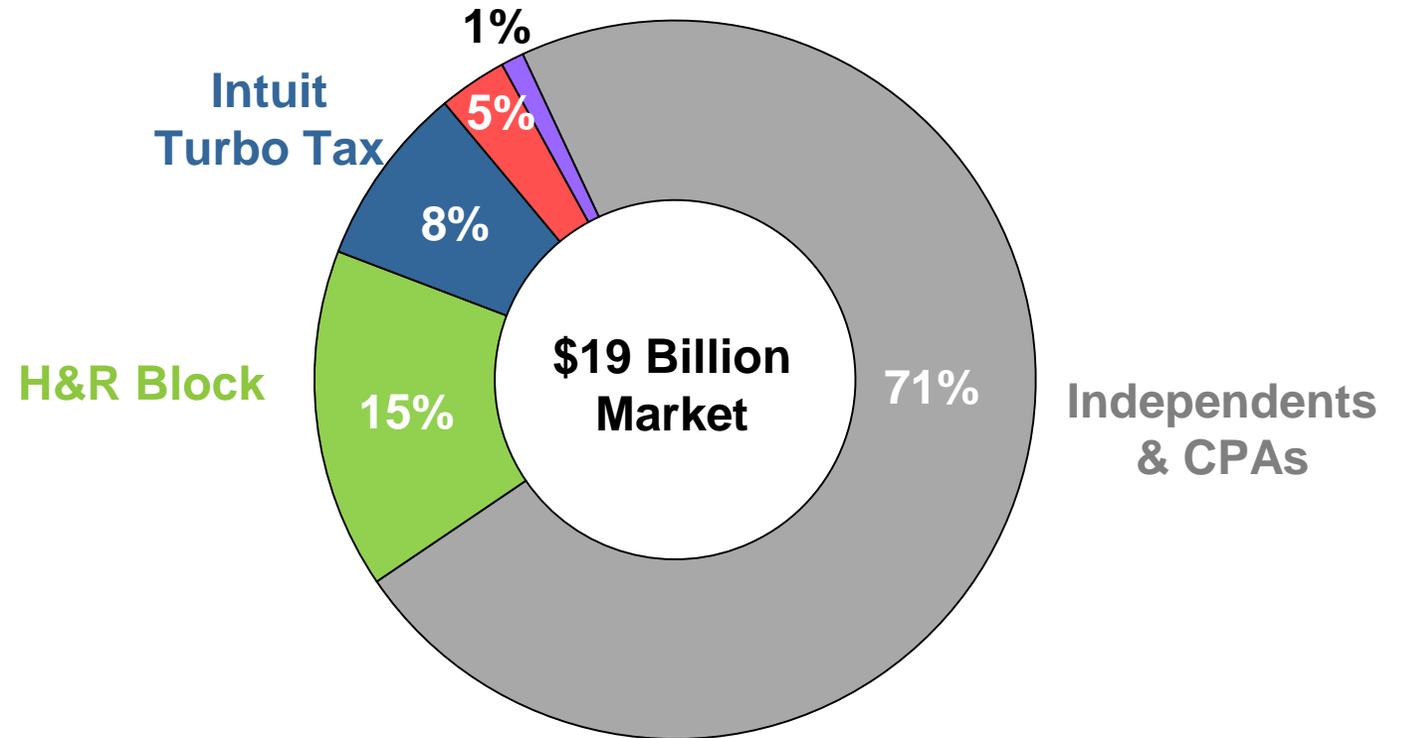
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U.S. Industry Tax Preparation Revenue by Segment



■ Assisted ■ Do-it-Yourself

U.S. Industry Tax Preparation Revenue by Competitor



■ Branded Competitors ■ Other DIY

Note : Based on H&R Block estimates; Digital category composed of Online, Mobile, Desktop and FFA (Digital)

HRB's Competitive Advantage



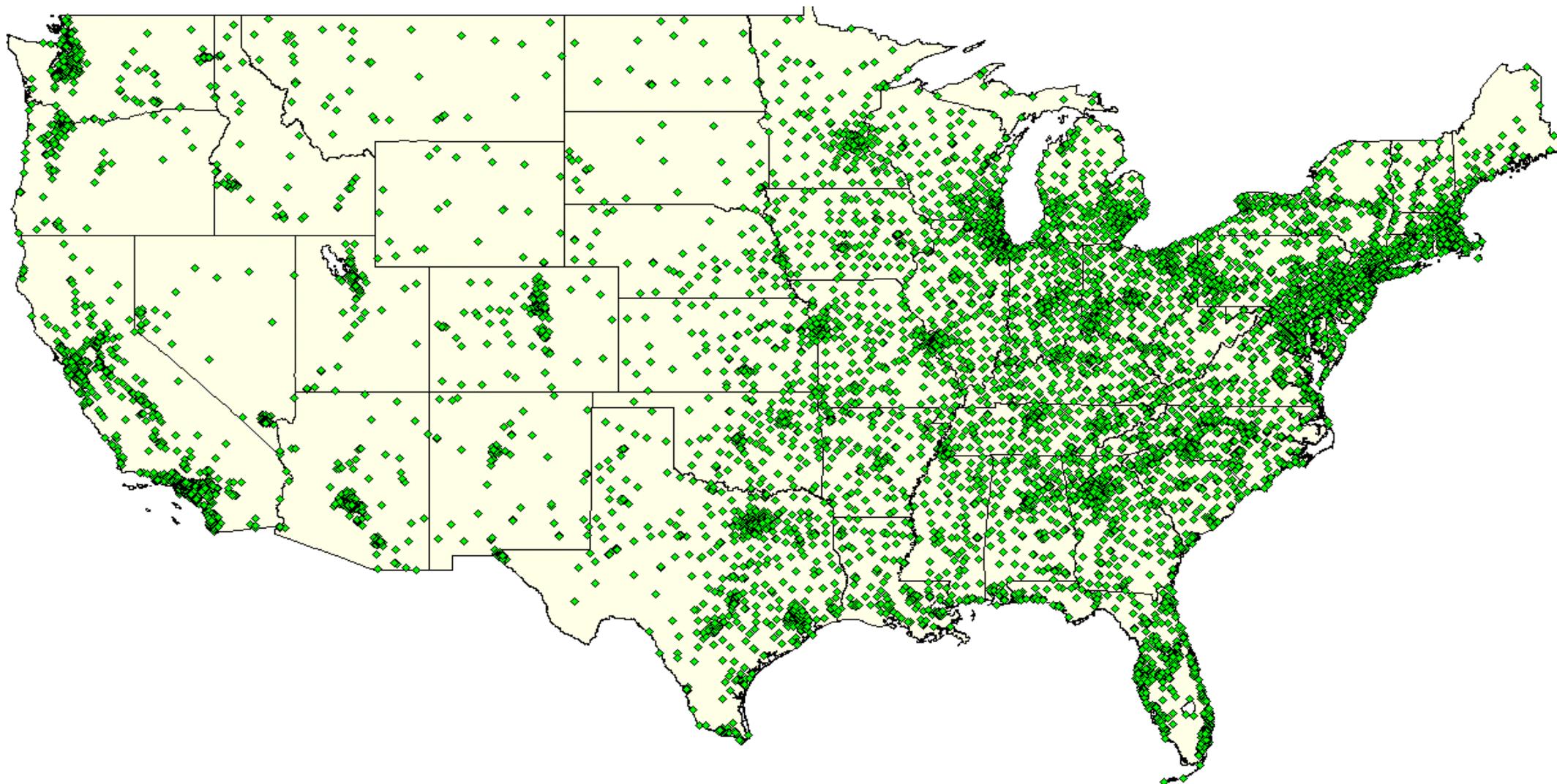
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Tax Professionals	Scale
Tax Industry Innovation	Brand

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

Unmatched Reach in the Tax Preparation Space

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Unmatched Reach in the Tax Preparation Space



H&R BLOCK®
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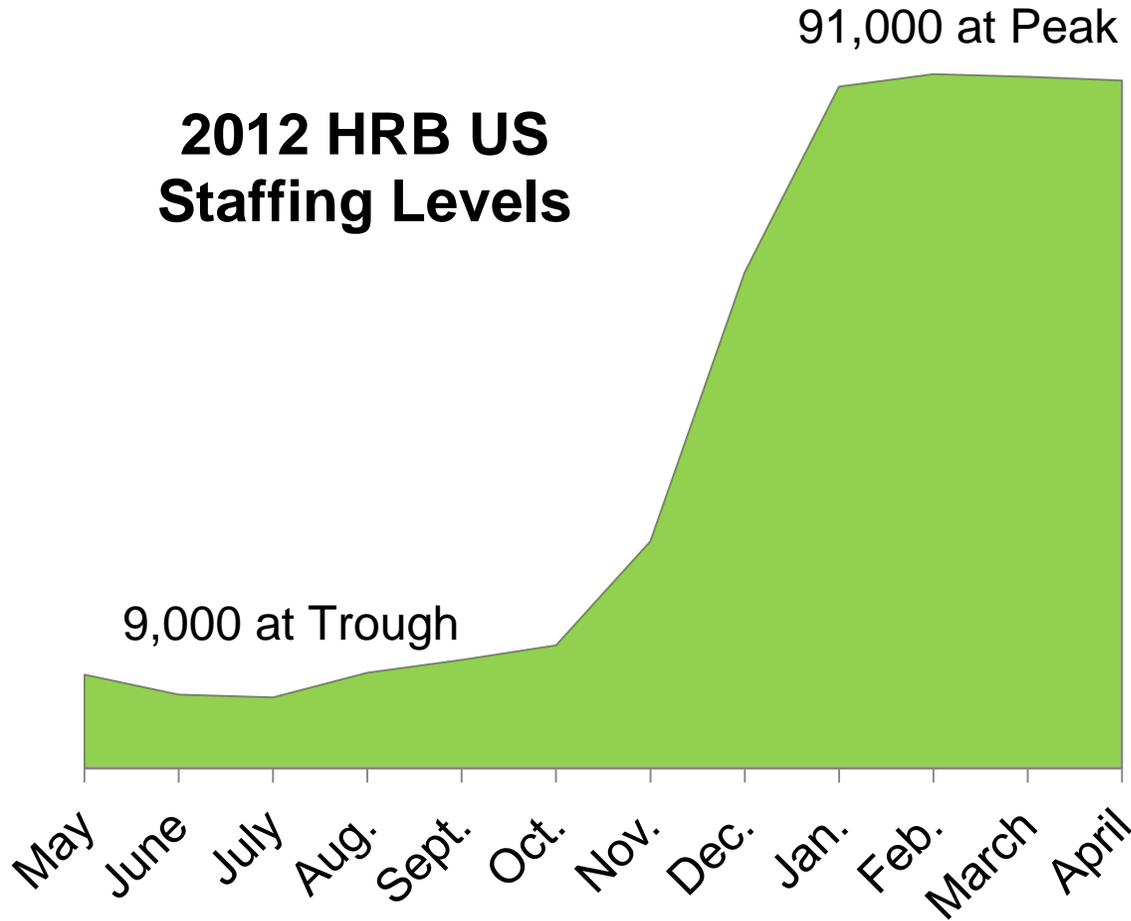
- 57 years of experience optimizing office footprint
- Ability to quickly scale up/down to optimize network footprint
 - \$60K to open a new company office
 - Occupancy cost per U.S. office of \$40K per year
 - New HRB offices generally breakeven or have small profits in the first year
 - 46% of HRB offices have a tenure of 30+ years
- Quite happy with current footprint – size, mix

Unmatched Seasonal Staffing Experience



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2012 HRB US Staffing Levels

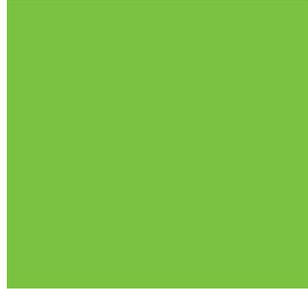


- Delivering the industry's best tax pros
 - 34% have 10+ years of experience
 - 51% have 5+ years of experience
 - Top 30% of tax pros are retained at 93%
 - 13% of tax pros are bilingual, up more than 200 bps in last 2 years
 - Average age of 52 years; 53% female
 - Strong incentives to remain with HRB

One of the Most Recognizable Brands in the U.S.



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→ 98% awareness

- Similar brand recognition as Coca-Cola, McDonald's, and Walmart
 - \$3.5B invested in marketing since company went public in 1962*
 - But only 62% brand awareness in the DIY space
- Our brand represents taxes, expertise, and trust
 - HRB has prepared 22.3 mm U.S. tax returns with quality
 - Competitively advantaged in both Assisted and Digital

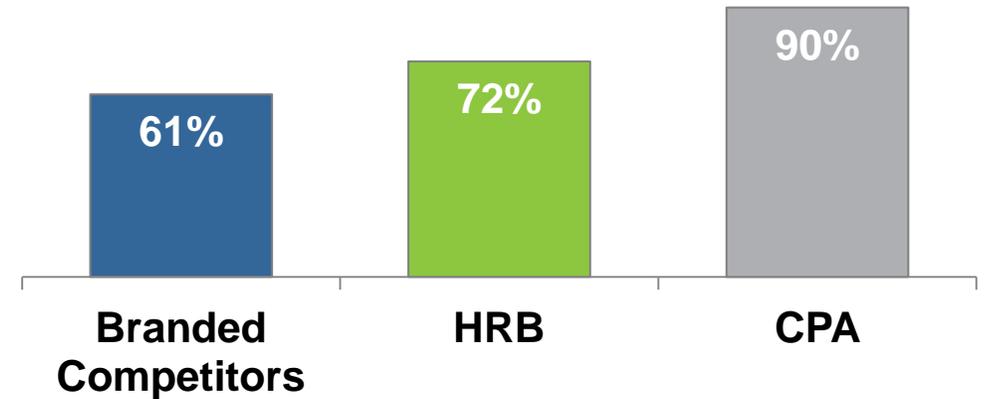
High Industry Retention...HRB Doing Ok



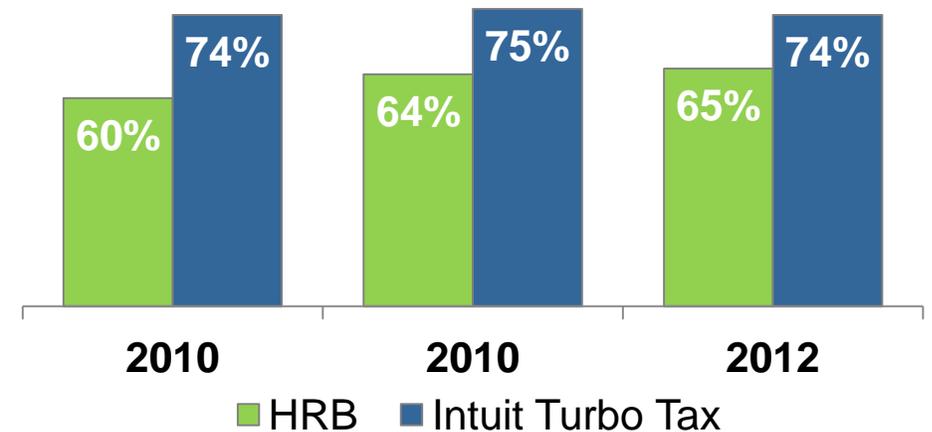
- Why is industry retention so high?
 - Strong relationships with tax professionals
 - Nature and complexity of tax code
 - Convenience

- Proud of our retention results, but there is room for improvement
 - 1 pt increase in retention = \$18 mm of pretax earnings, or \$0.04 cents per share

Assisted Client Retention



Digital Client Retention



*Competitor retention rates based on H&R Block estimates

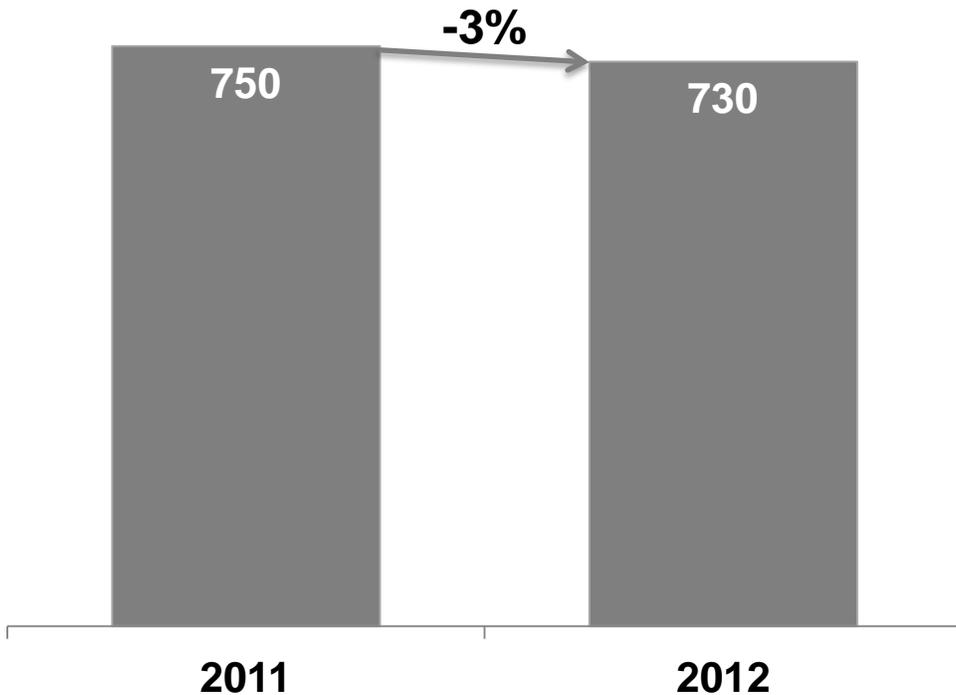
Expecting Further Industry Consolidation... HRB Best Positioned to Benefit



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Number of Industry Tax Preparers

(in thousands)



Consolidation Should Continue

More Industry Challenges

- Increased tax pro IRS certification requirements
- Limited RAL availability
- Aging independent demographic

HRB Advantages

- Financial flexibility
- We have the experience
- Trusted brand and reputation
- We're likely just down the street

A Robust Digital Offering



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- Industry's 2nd largest Digital provider
- Full suite of Digital offerings
 - Online, Software, Mobile, Block Live
- Investments have increased awareness and differentiated our product
- Products complement Assisted offering
- See two distinct segments

Growing Digital Share

■ HRB has taken share over the past two years

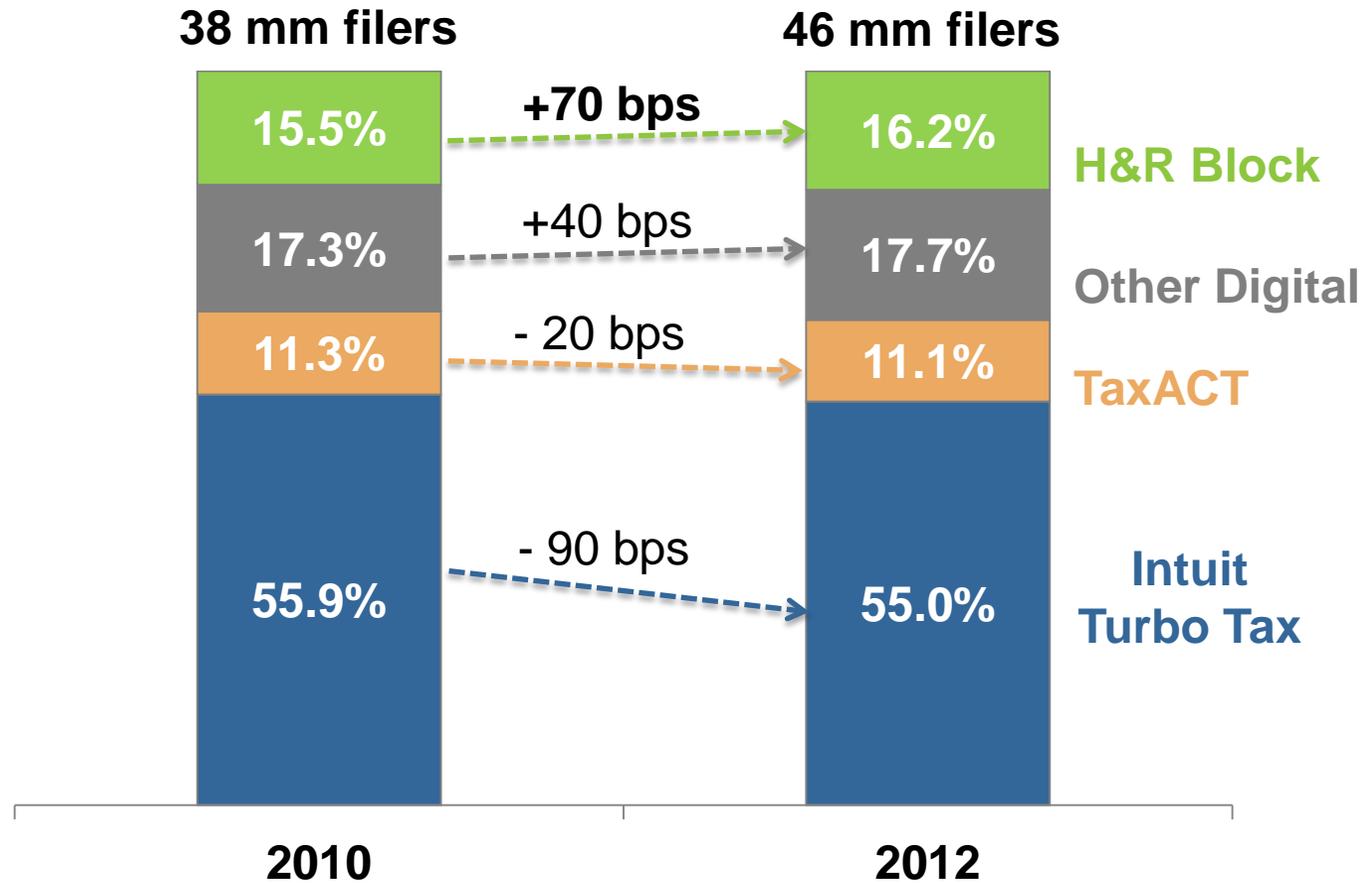
■ Why we are improving?

2010 to 2012

- Awareness +12 pts
- Web visits + 96%
- Registrations +37%
- NPS +10 pts
- Conversions +3 pts

■ Future is online/SaaS model

Share of U.S. Digital Returns



Note: Based on H&R Block estimates; DIY category composed of Pen & Paper, Online, Mobile, Desktop (Digital)

Adjacent Financial Services... a Growth Driver



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Our relationship with the client is
Unmatched ...a real opportunity

Why?

Our clients **trust** us with their most
intimate financial information, to
demonstrate our **expertise** in the
most **significant** financial transaction of
the year



Our Clients Have Financial Service Needs



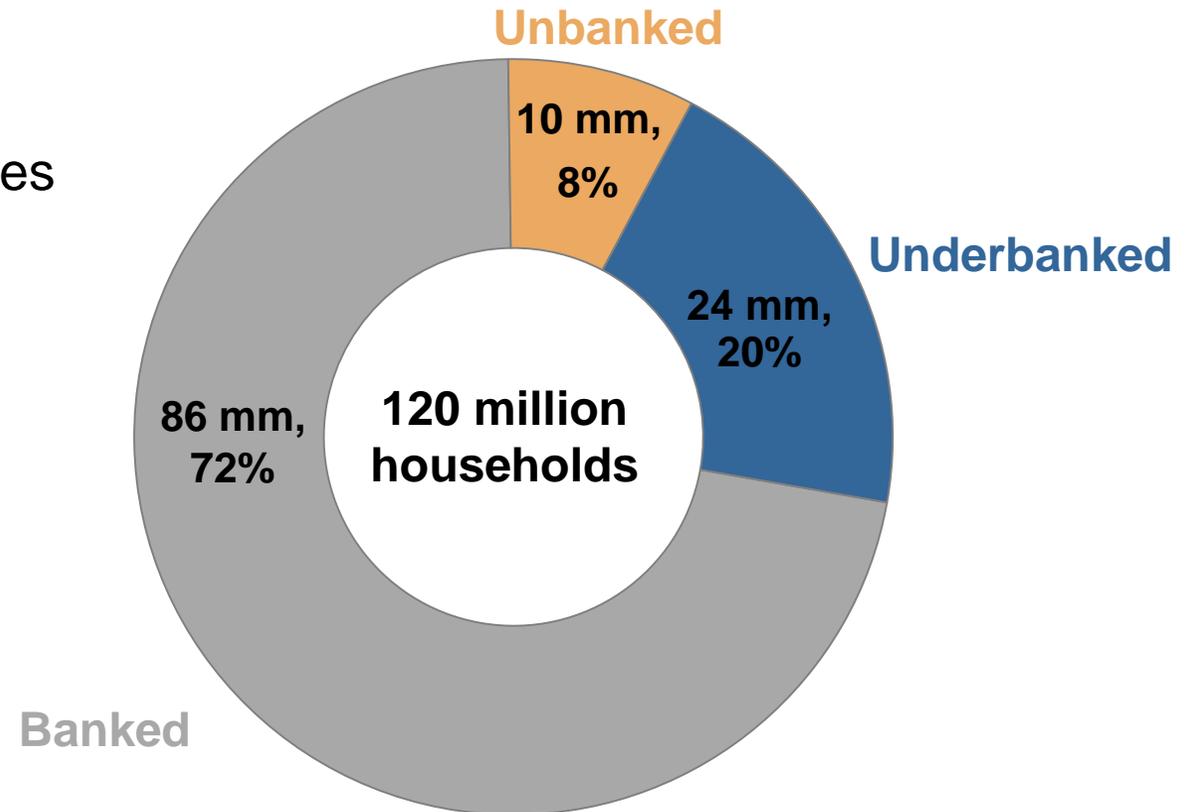
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HRB Client Demographics

- Modest incomes ...72% under \$50K
- Age skews young ... 7.2 mm are Gen Y
- Credit is less established ...25% have Prime scores

Our Financial Services Have Broader Appeal

- One in 10 American households driven from banking system
- 58% of customers bank with more than one company, up 9% from prior year
- 30% now have a nonbank payment account (like Paypal)



The Right Financial Services Products



Three Core Products

1. Refund Transfers
2. H&R Block Emerald Prepaid MasterCard
3. Emerald Advance Line of Credit

Complementary and natural part of tax preparation...

One Financial Services product results in ...

- +9 pt customer satisfaction
- +55% margin
- Overall client 5-year value +32%



Two ways to pay your tax preparation fees:

- 1 Pay nothing today and withhold fees from your refund.
OR
- 2 Pay today at checkout with cash, a personal check, or a credit or debit card.

Three ways to get your refund:

- 1 FREE Emerald Card with cash rewards.
OR
- 2 Receive a check.
OR
- 3 Direct deposit into your bank account.

If you owe the IRS, you can pay by check, credit or debit card, or Installment Agreement.



Refund Transfers



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■ Customers can pay their tax prep fees from their refund and receive that refunds faster

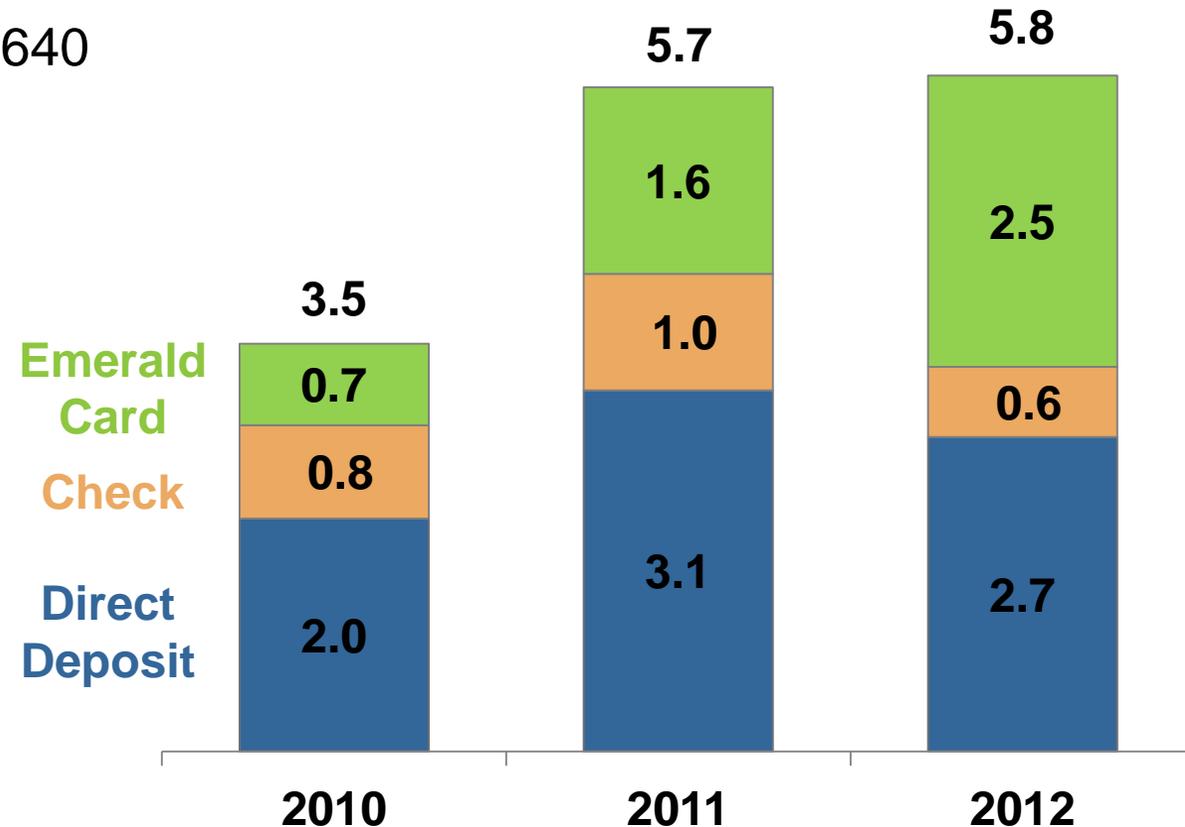
- 87% of clients get a refund at an average of \$2,640
- 26% of HRB clients take Refund Transfers
- In 2012, \$21B funded

■ Free Refund Transfer (RT) discontinued

- Expect FY13 RT revenues to approximate FY11 RT revenues

HRB Refund Transfer Units

(in millions)



The Opportunity with Emerald Card



	GreenDot	Netspend	Emerald Card
Accounts (millions)	4.2	2.1	2.9
Volume (Billions)	\$16.1	\$11.2	\$9.5
Volume per Account	\$3,833	\$5,333	\$3,298
Revenue (millions)	\$467	\$306	\$104
Revenue per Account	\$111	\$146	\$36
% Direct Deposit	46%	41%	4%

A Virtual Cycle to Meet Our Clients Needs



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It all starts with tax origination



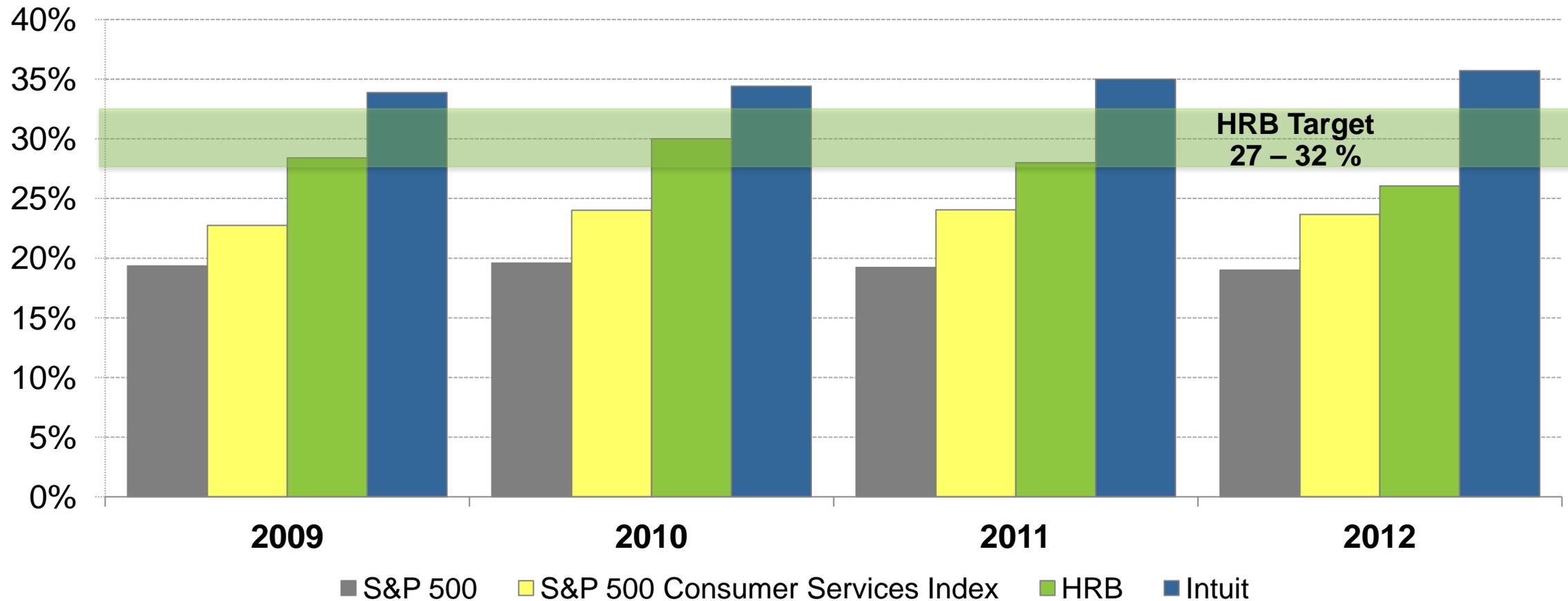
**Tax
Preparation**



**Financial
Products**

Strong EBITDA Margins

EBITDA Margins



**All numbers represent continuing operations*

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

Capital Allocation at HRB



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Preferences Waterfall

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

Requirements

- Disciplined evaluation
- Accountability
- Clear view of value

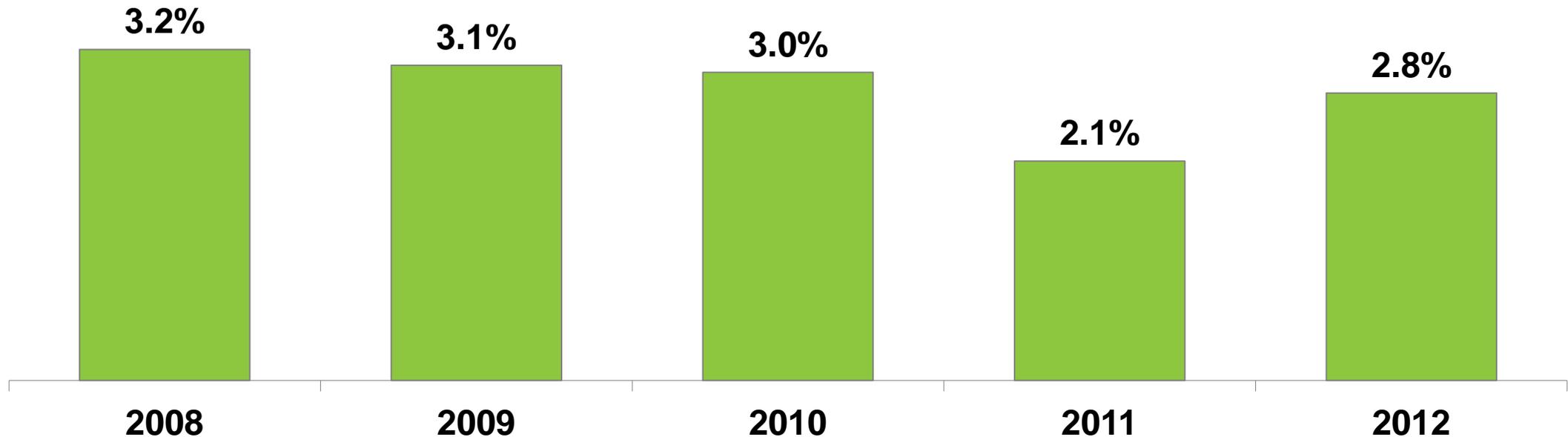
Deliver Consistent, Meaningful Shareholder Returns

Capital Allocation: Operational Needs



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

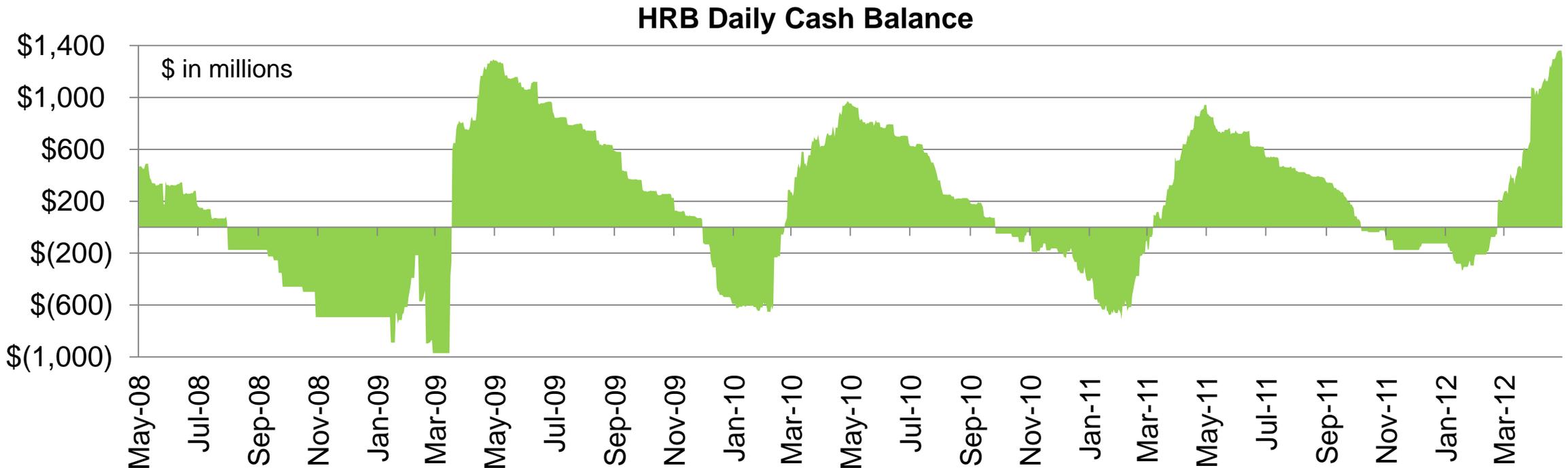
Capital Expenditures Versus Revenue



Capital Allocation: Liquidity Needs

Seasonality is part of our business ...

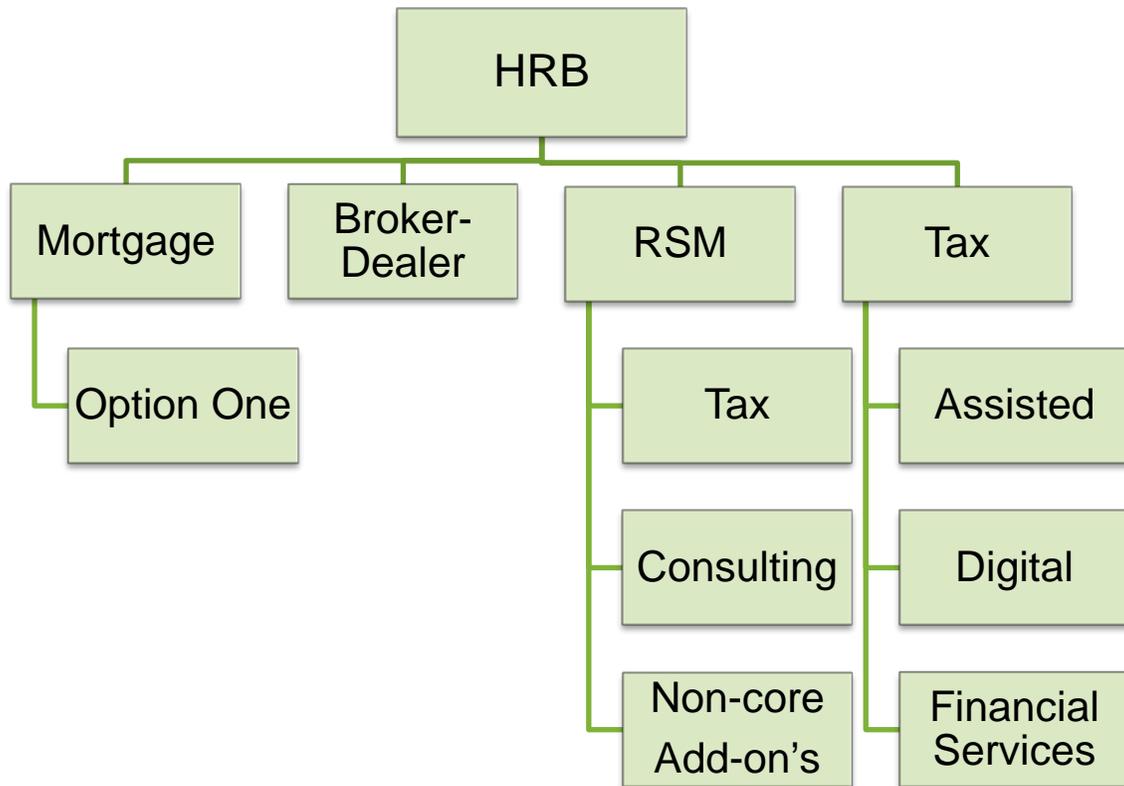
- Large peak to trough cash volatility
- Historically relied on commercial paper, committed line of credit as back-stop



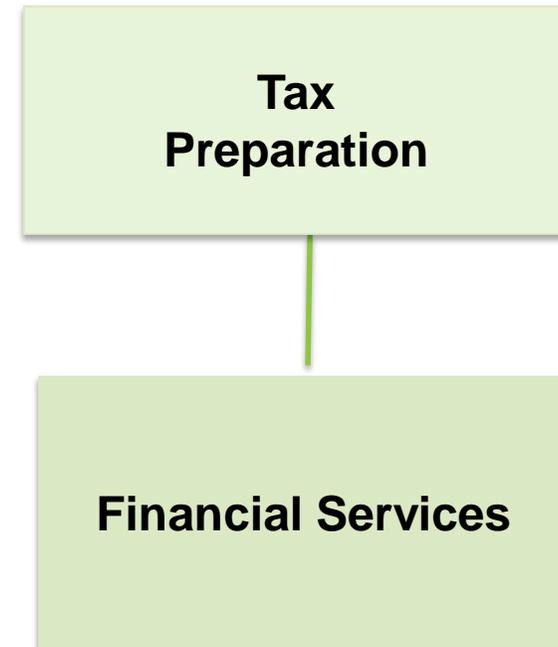
Capital Allocation: Strategic Needs



2007



Today



Capital Allocation: Strategic Needs



Looking FY2013 and beyond

Strategic Area

- New International growth
- Digital
- Acquisitions
- Financial Services
- HRB Bank

Capital Impact

Small negative

Positive

Unknown

Some usage, but positive

Positive

Strategic Alternatives for HRB Bank



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Main Objectives:

- Maximum control for HRB
- Ongoing relationship(s)
- Minimal client impact
- The right deal, not a fast deal

Additional Benefits Include:

- Unlock capital in the bank
- Reduce overhead expenses
- Autonomous decisions
- Simpler, focused business

Strategic Alternatives for HRB Bank



1 Customer Deposits

Assets \$796 mm

- Low risk / yield profile
- Liquid market to quickly divest

Not Strategic

2 Legacy Mortgage Portfolio

Assets \$371 mm

- Portfolio continues to wind down
- Not required to be held at a financial institution, could be HRB parent
- Evaluating the best economic option

Strategic Alternatives for HRB Bank

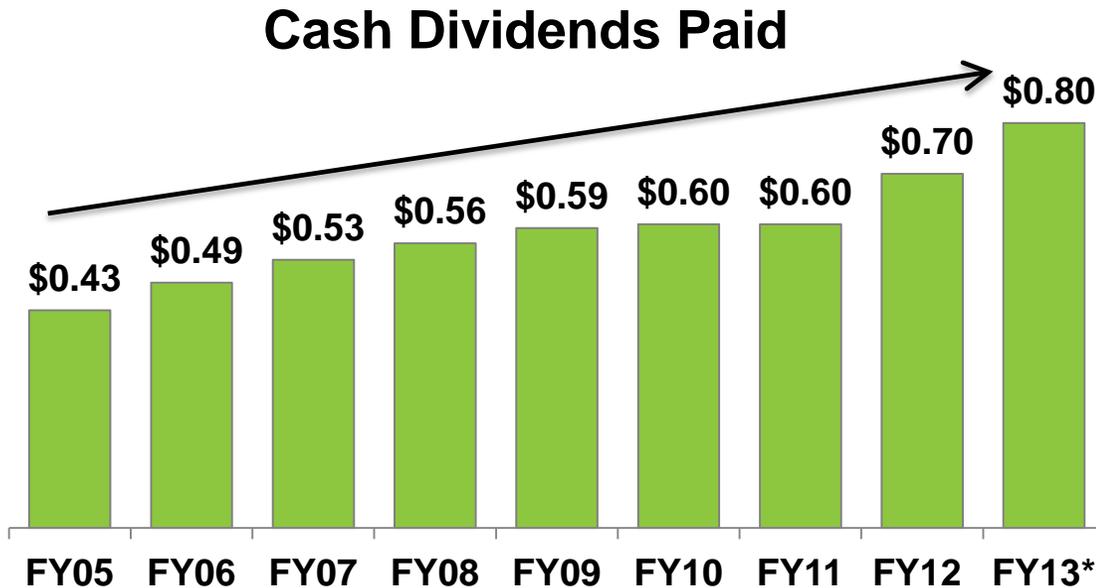


1	Customer Deposits <u>Assets \$796 mm</u>	<ul style="list-style-type: none">• Low risk / yield profile• Liquid market to quickly divest	Not Strategic
2	Legacy Mortgage Portfolio <u>Assets \$371 mm</u>	<ul style="list-style-type: none">• Portfolio continues to wind down• Not required to be held at a financial institution, could be HRB parent• Evaluating the best economic option	

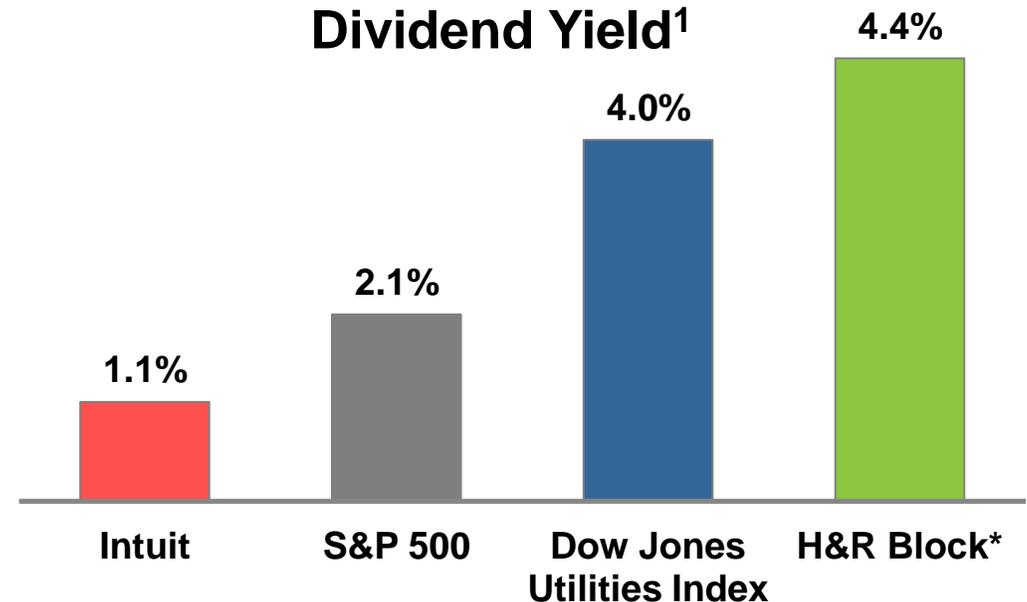
3	Financial Products <u>2012 Revenue \$296 mm</u>	<ul style="list-style-type: none">• Refund Transfers:• Emerald Card:• Emerald Advance:	<u>2012 Revenues</u> \$132 mm \$104 mm \$ 60 mm	Strategic
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Capital Allocation: Dividends

- \$3.5B of total dividends paid to shareholders since HRB went public in 1962
- Current quarterly dividends of \$54 mm



8% CAGR since 2005

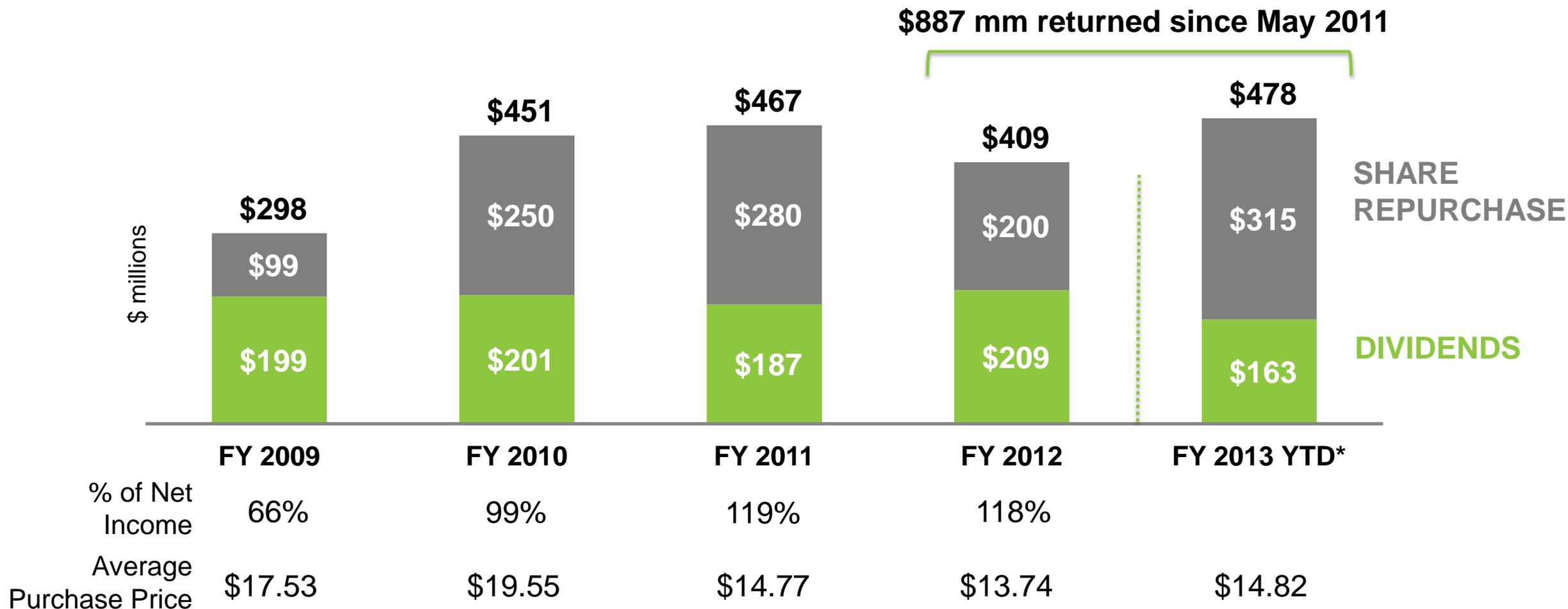


Compelling Return

* FY13 projected on current quarterly cash dividend of \$0.20 per share

¹ Yield calculated as of NYSE market close on 11/30/12

\$2.1 Billion of Capital Returned Since 2009



*Amount includes dividend payable on Jan. 2, 2013 to shareholders of record as of Dec. 10, 2012

Capital Allocation at HRB



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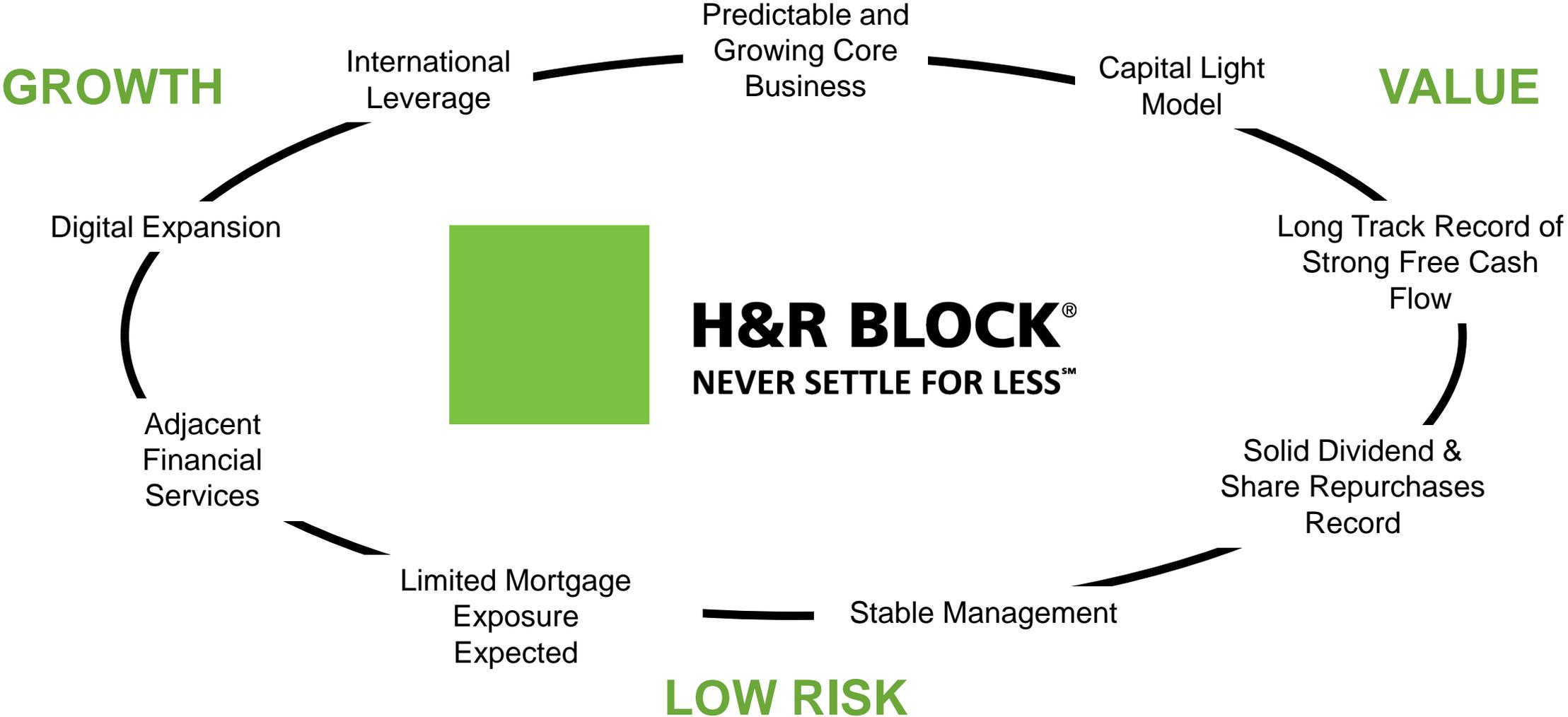
Preferences Waterfall

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

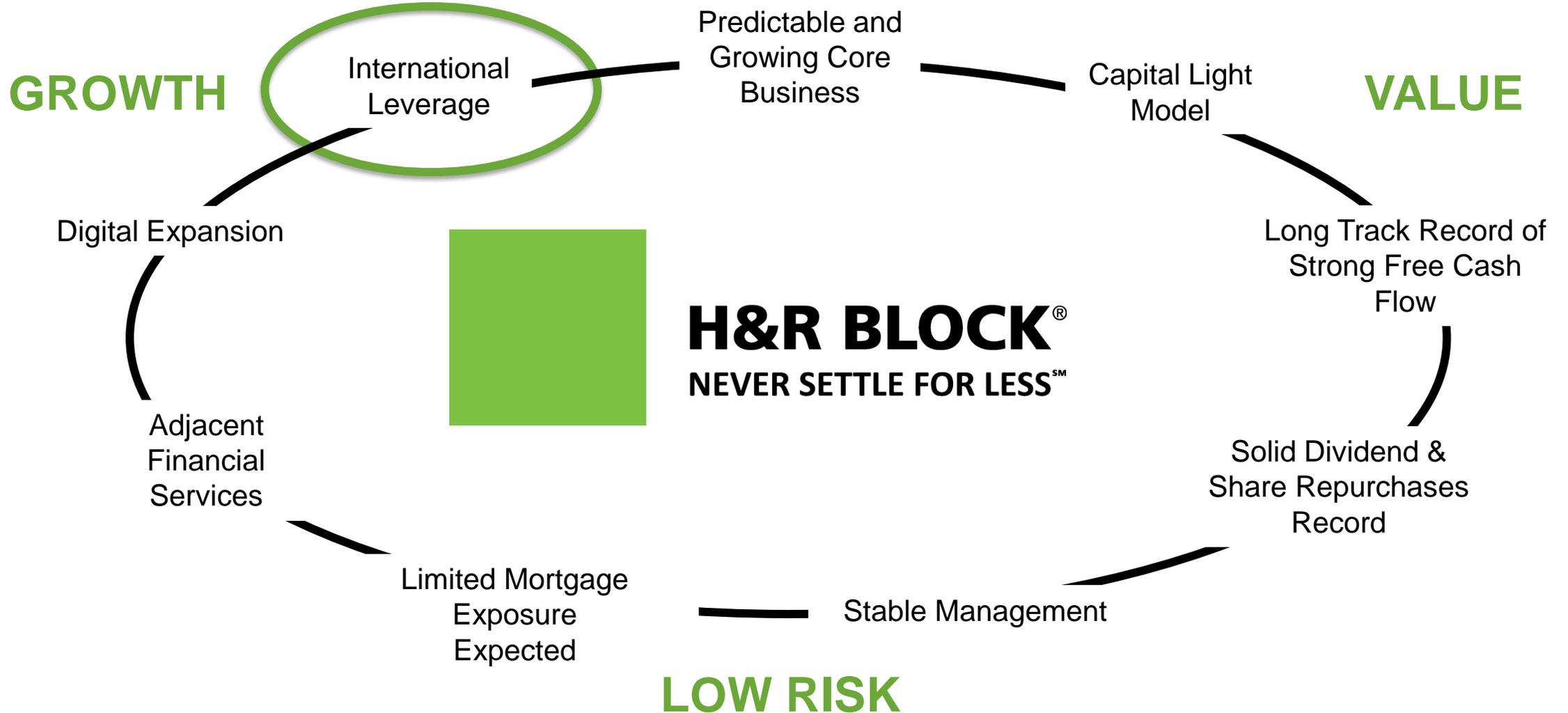
Requirements

- Disciplined evaluation
- Accountability
- Clear view of value

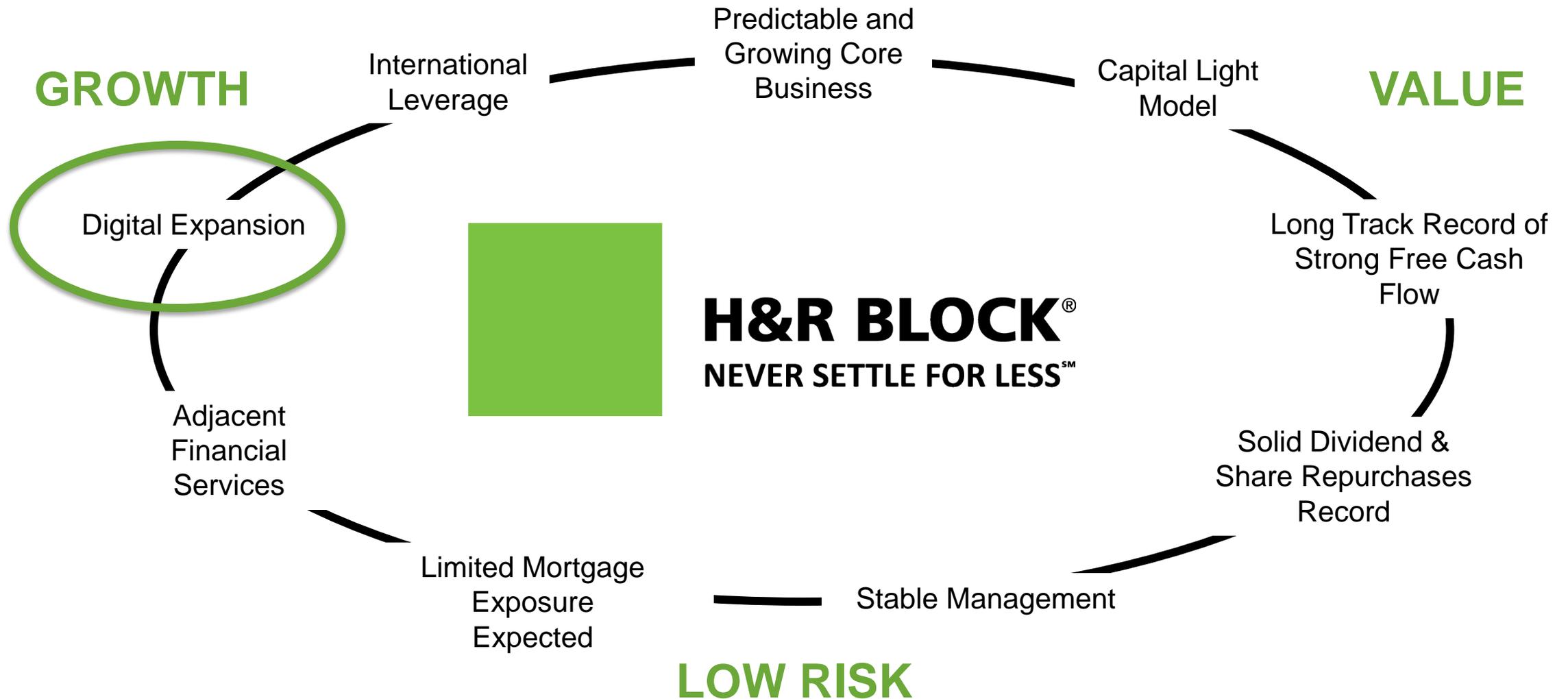
Objective is Consistent, Meaningful Shareholder Returns



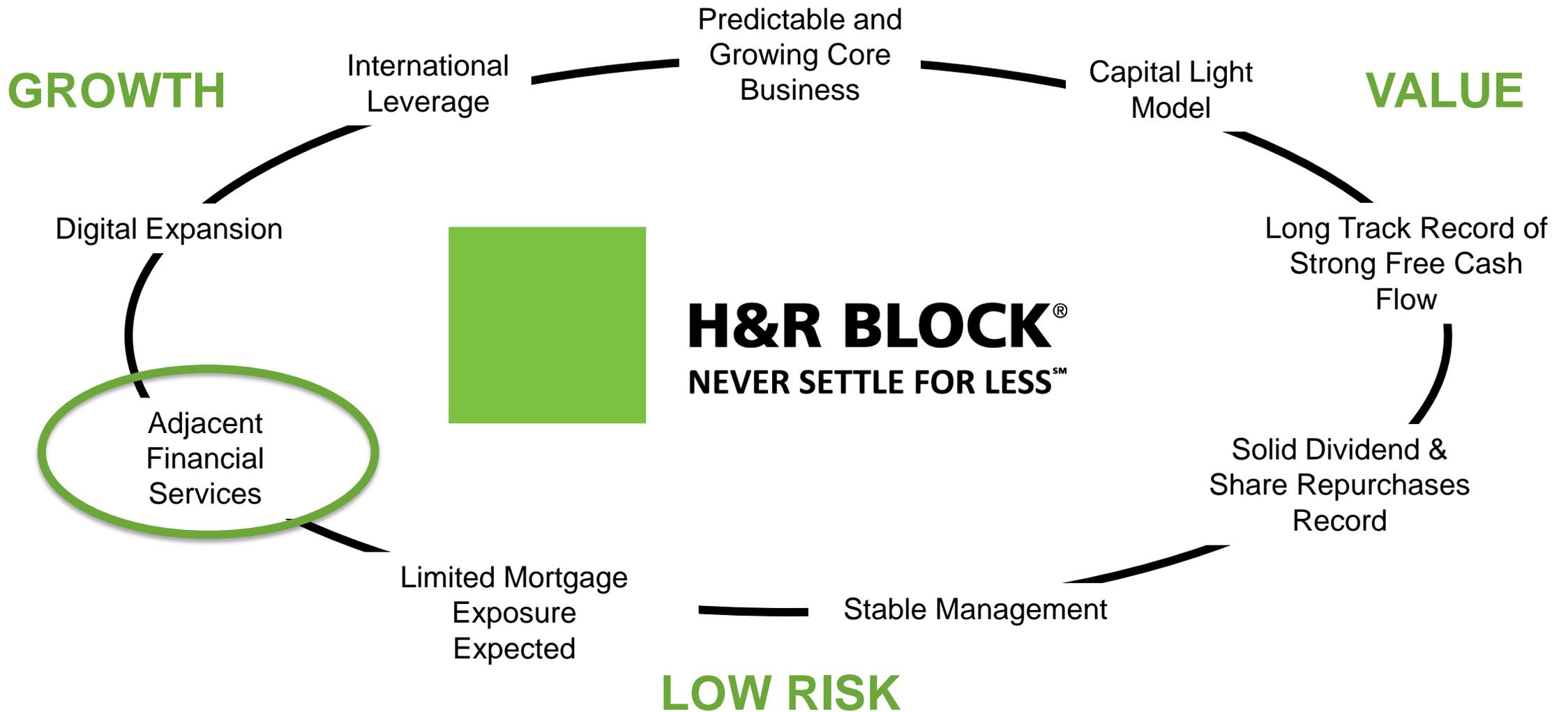
Why H&R Block ...



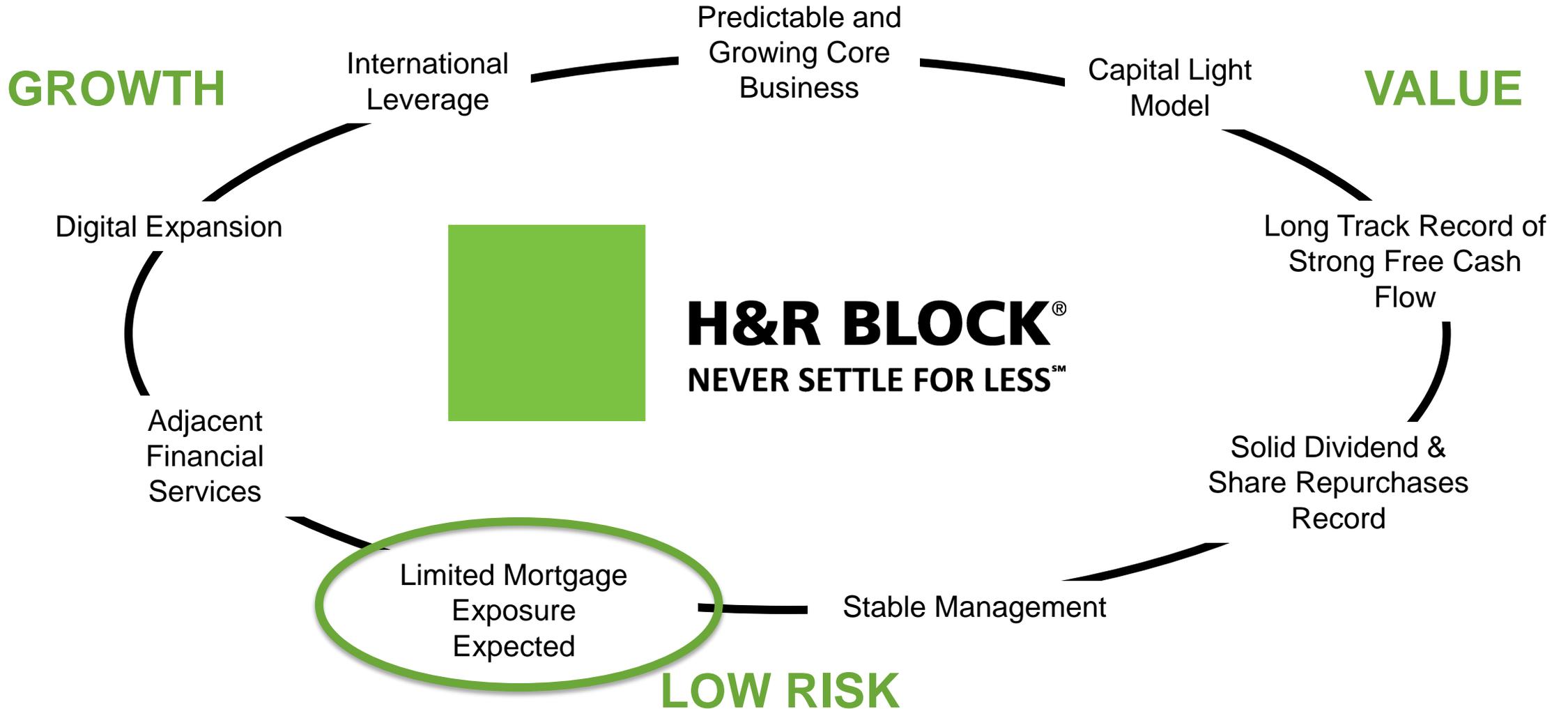
Why H&R Block ...



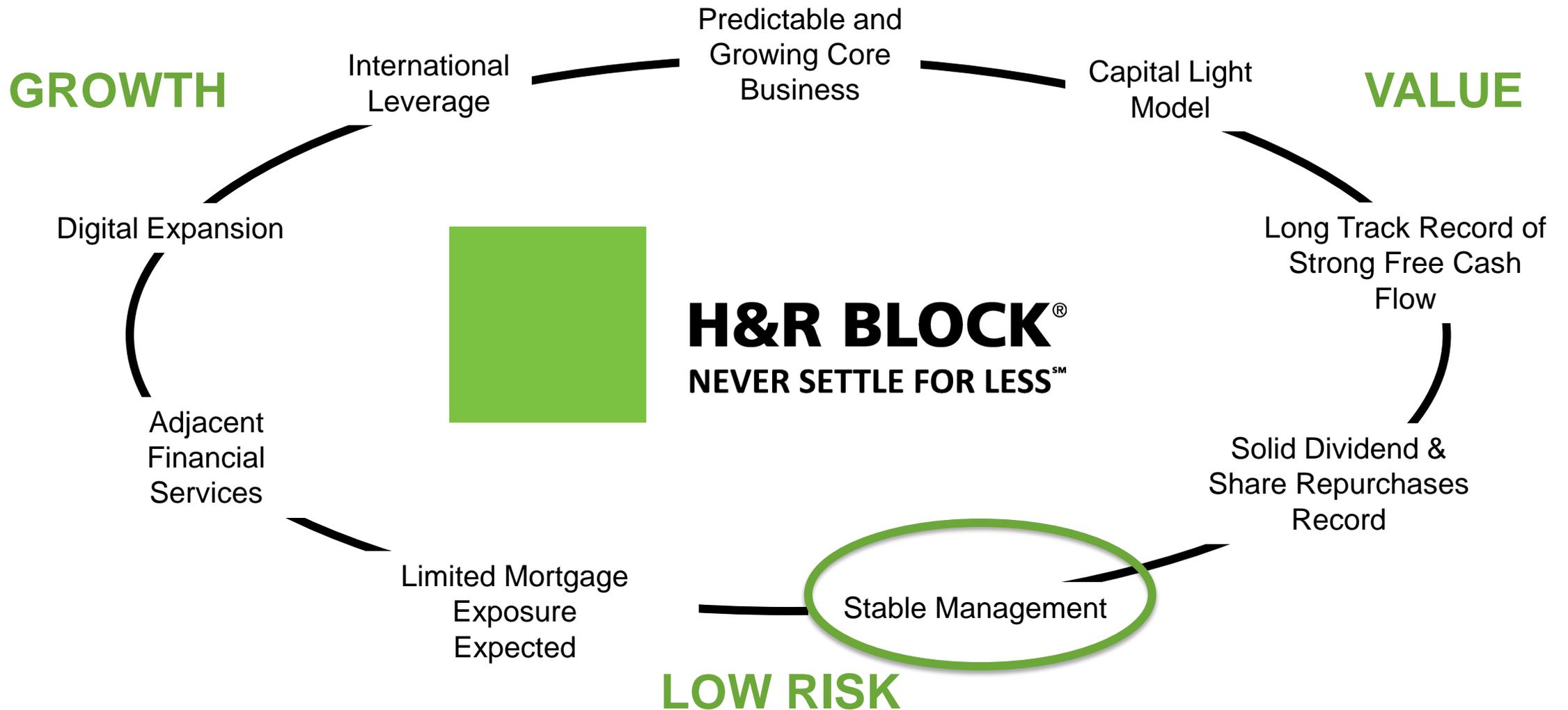
Why H&R Block ...



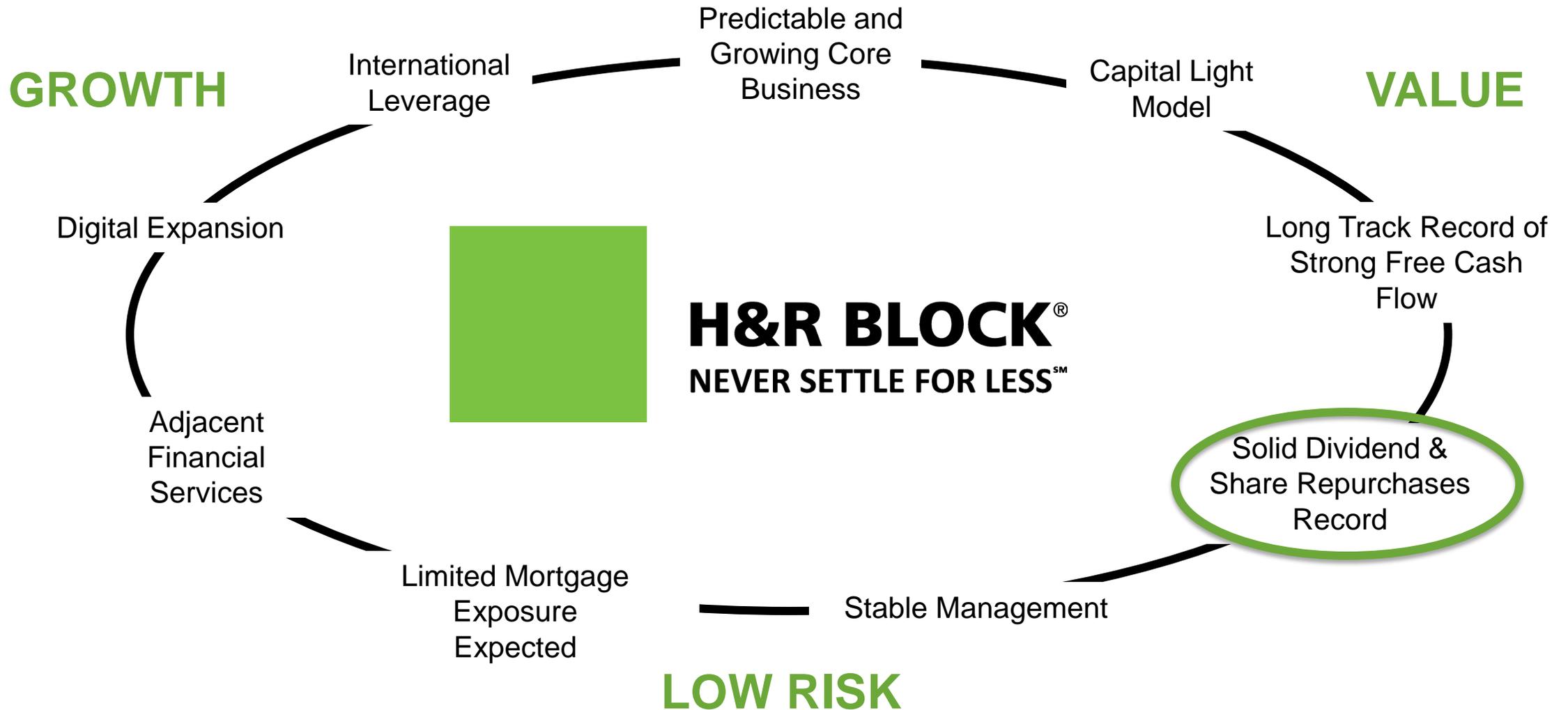
Why H&R Block ...



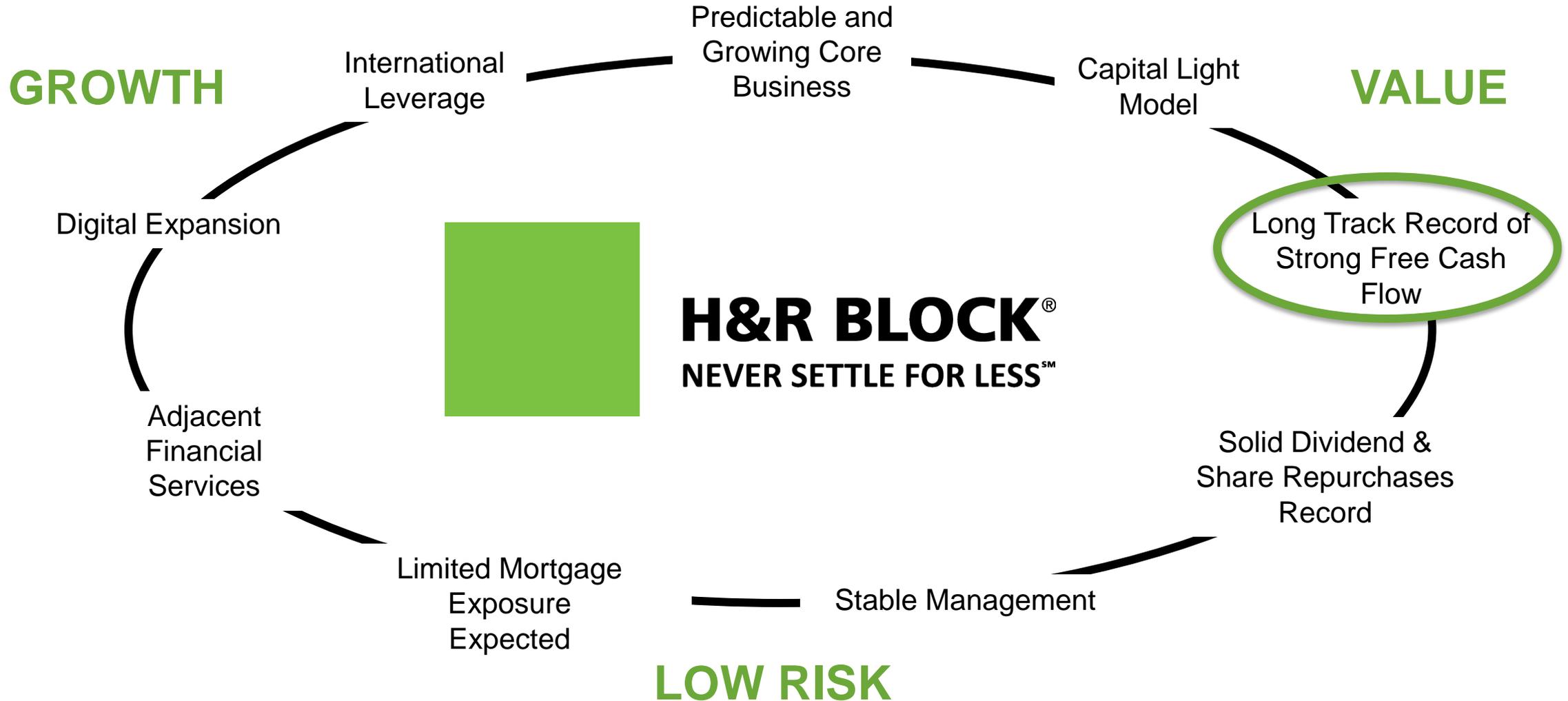
Why H&R Block ...



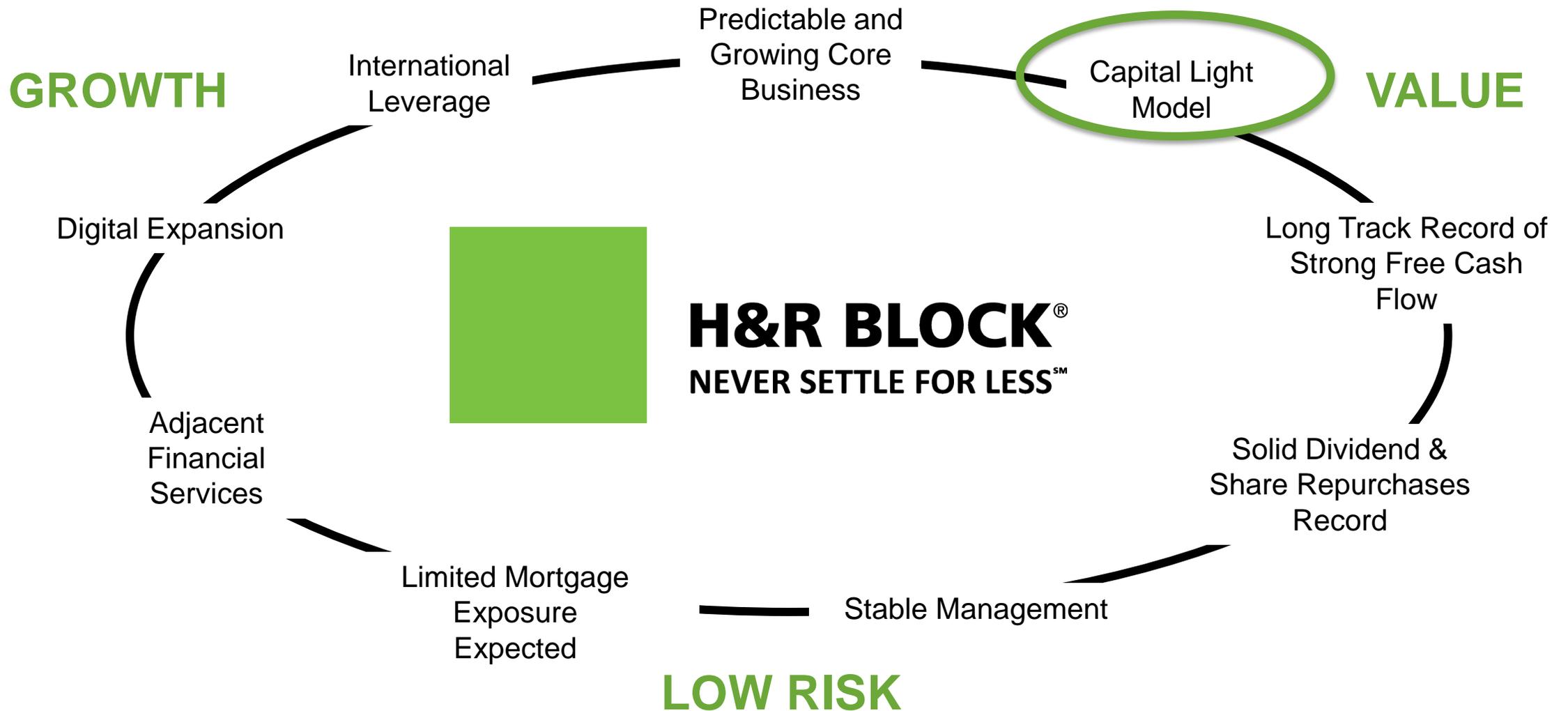
Why H&R Block ...



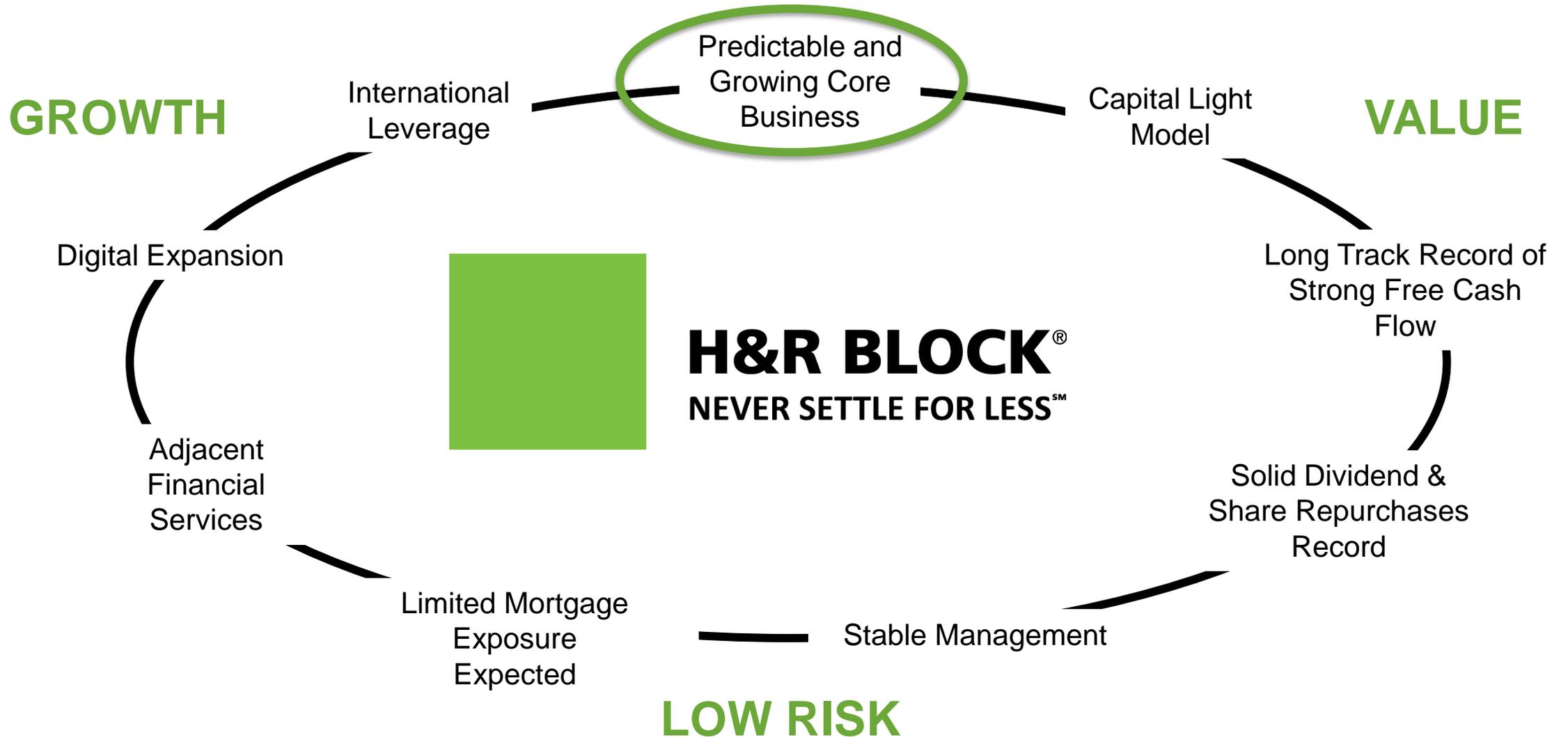
Why H&R Block ...



Why H&R Block ...



Why H&R Block ...



Deliver Meaningful Shareholder Return



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HRB LTM performance*

Dividends	5%
Share price appreciation	15%
<hr/>	
Total Shareholder Return**	20%

* Performance from Dec. 1, 2011 to Nov. 30, 2012

** Based on 271 million shares outstanding as of Nov. 30, 2012

2013 General Market Outlook



Market Factor	FY 2013	3 Year Expectation
IRS tax filings	<ul style="list-style-type: none">• Up 1.5% to 2%	<ul style="list-style-type: none">• Up 1% to 2%
Complexity / Tax law changes	<ul style="list-style-type: none">• Late tax code changes likely to push some filings and revenues from Q3 to Q4	<ul style="list-style-type: none">• Beneficial tailwinds• Simplification remote• Healthcare reform
Consolidation	<ul style="list-style-type: none">• Continued	<ul style="list-style-type: none">• Beneficial tailwinds

2013 HRB Outlook



Market Factor	FY 2013	3 Year Expectation
HRB total returns prepared	<ul style="list-style-type: none">• Above IRS market growth of 1.5% to 2.0%	<ul style="list-style-type: none">• Above IRS market growth of 1 to 2%
Cost reduction initiatives	<ul style="list-style-type: none">• On track to deliver \$85 to \$100 mm of pretax savings	<ul style="list-style-type: none">• Incremental savings of \$15 mm in FY14• Disciplined cost structure
Refund Transfer (RT) Products	<ul style="list-style-type: none">• FY13 RT revenues to approximate FY11 RT revenues	<ul style="list-style-type: none">• Big opportunity to grow RT units and revenues
Effective tax rate	<ul style="list-style-type: none">• 39% excluding discrete items	<ul style="list-style-type: none">• Identifying ways to lower effective rate
CAPEX	<ul style="list-style-type: none">• Approximately 3% of revenue	<ul style="list-style-type: none">• Approximately 3% of revenue
Depreciation & Amortization	<ul style="list-style-type: none">• \$95 to \$105 mm	<ul style="list-style-type: none">• \$105 to \$115 mm



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2012 Investor Conference
Q&A