



H&R BLOCK®

You got people™

Business Priorities

- Focus where we have clear competitive advantage
- Compete responsibly – build our brands
- Deliver superior client service
- Maintain disciplined capital allocation



H&R BLOCK®

You got people™

Agenda

- Mortgage update
- Seizing growth opportunities at RSM McGladrey
- Tax Services
 - Continuing client growth momentum
 - Reforming the refund lending industry
- A look at shareholder returns



H&R BLOCK®

You got people™

Option One Mortgage

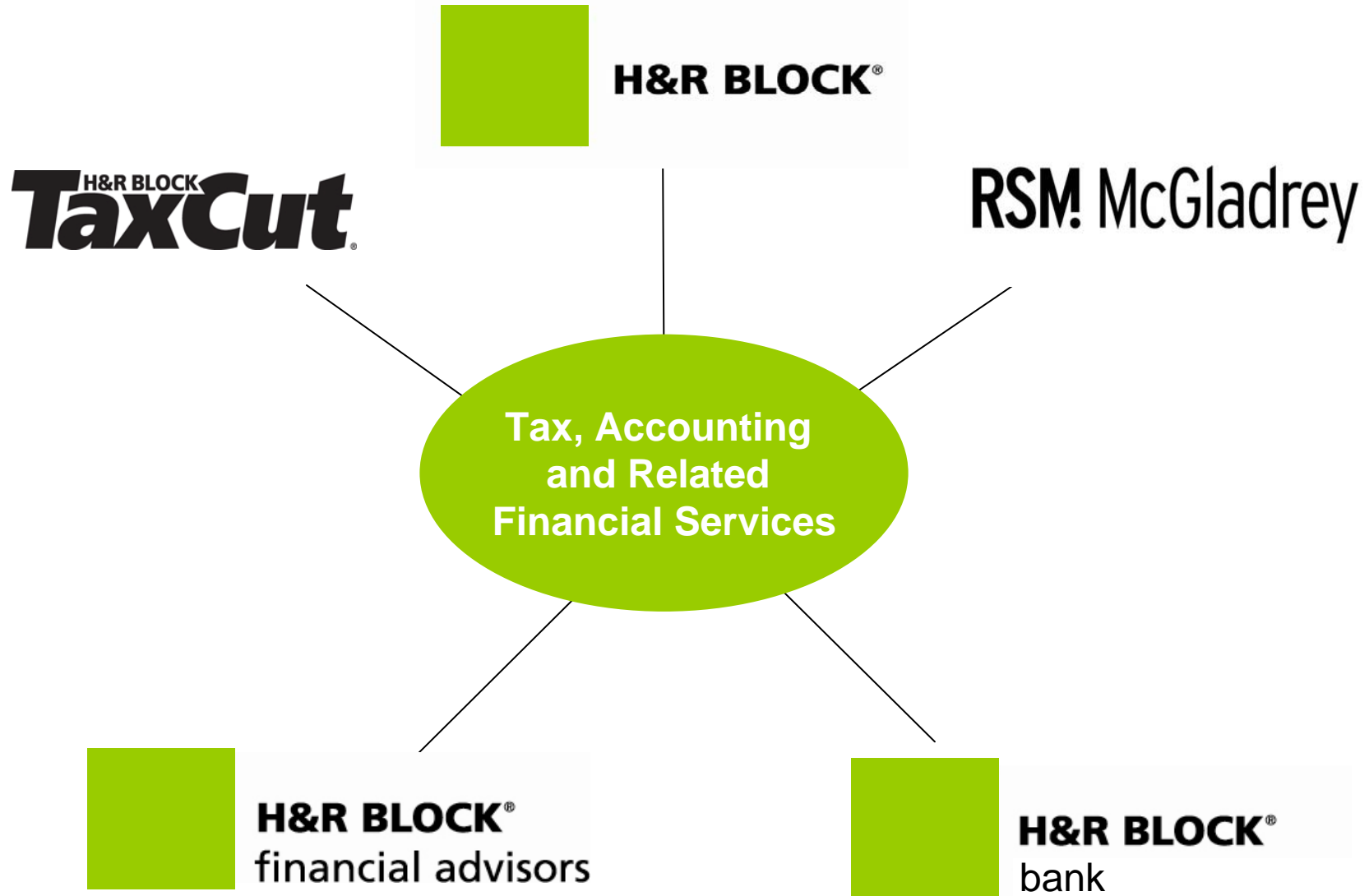
- April agreement to sell
- Subprime mortgage market challenges
- Working toward successful resolution



H&R BLOCK®

You got people™

Focus for H&R Block





H&R BLOCK®

You got people™

RSM McGladrey

- Leading firm serving middle-market clients in United States
- Focus on tax, accounting and consulting practices
- FY08 focus: operating margin expansion



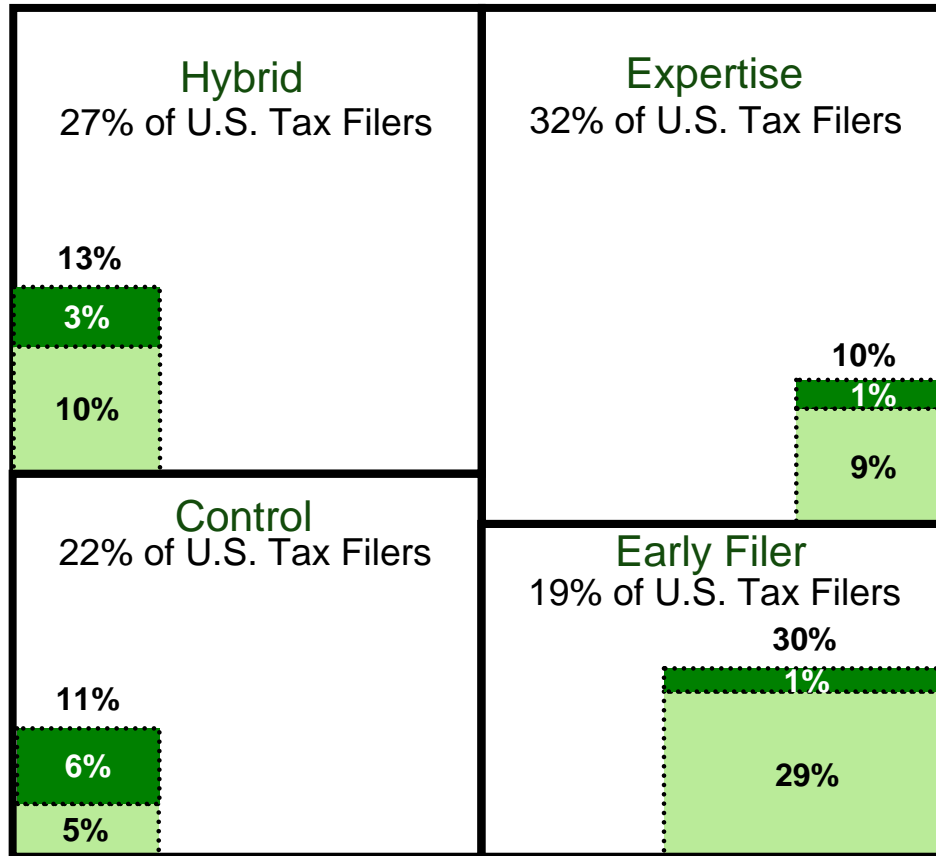
H&R BLOCK®

You got people™

U.S. Tax Market Segmentation

133 million total U.S. tax filers

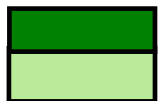
Dispersed across retail, CPAs, digital and other service platforms



Later-season clients who have more complex tax situations

In the market from late November throughout the tax season

Early-season clients who demand their money fast



H&R Block digital share

H&R Block retail share

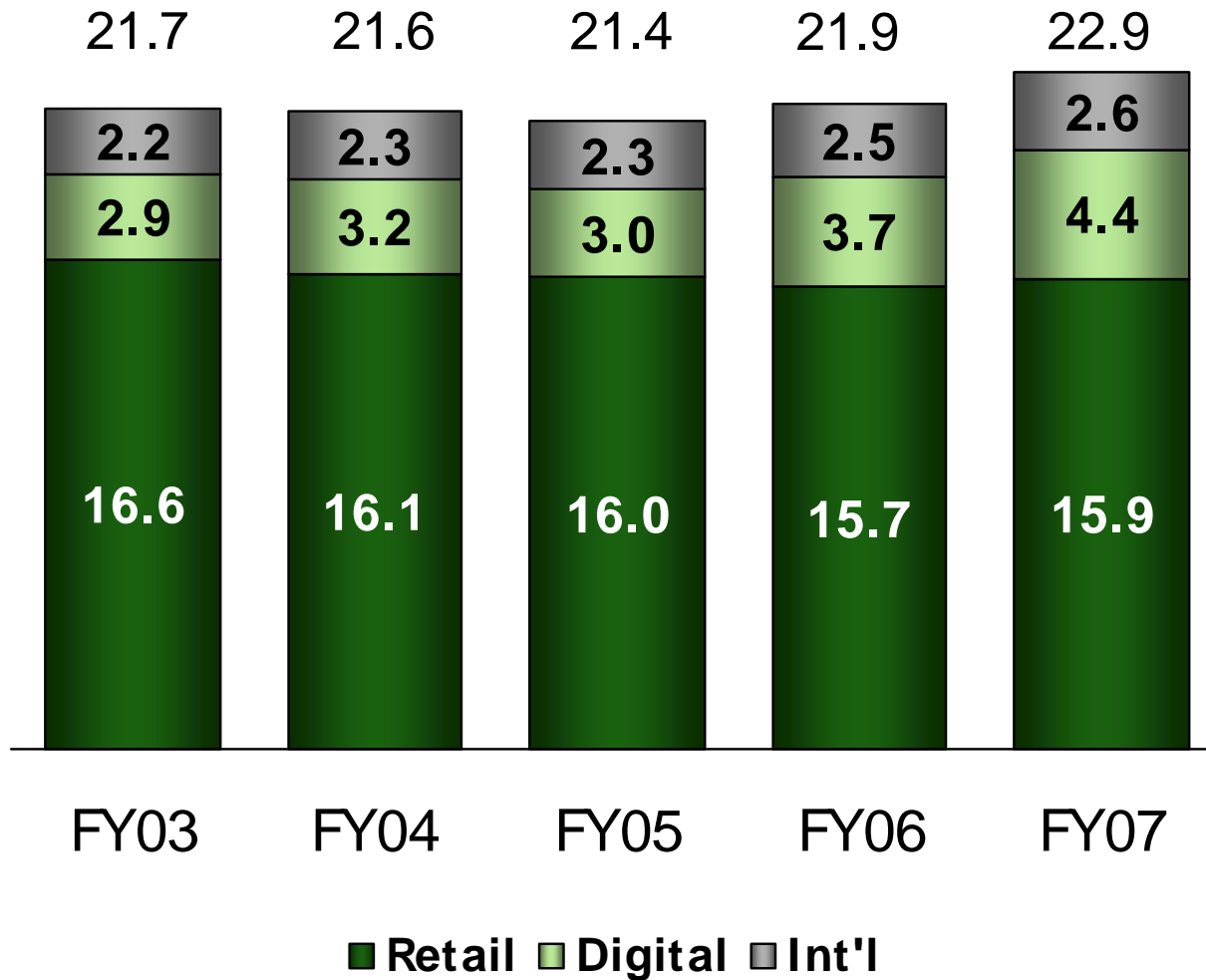


H&R BLOCK®

You got people™

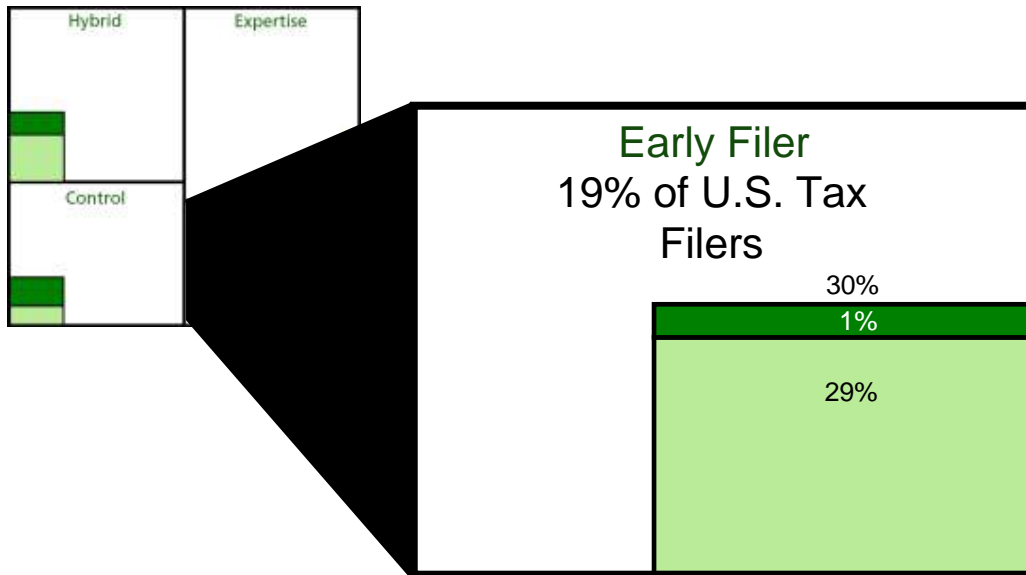
H&R Block Tax Clients

In Millions

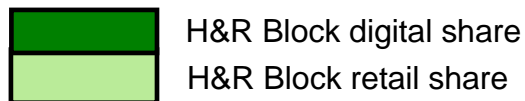




Early-filer clients represent 45% of H&R Block retail office clients and are the least loyal and hardest to retain



- Product innovation and convenience drive segment dynamics
- Refund products have become commoditized
- Performance in early-filer segment drives Tax Services success





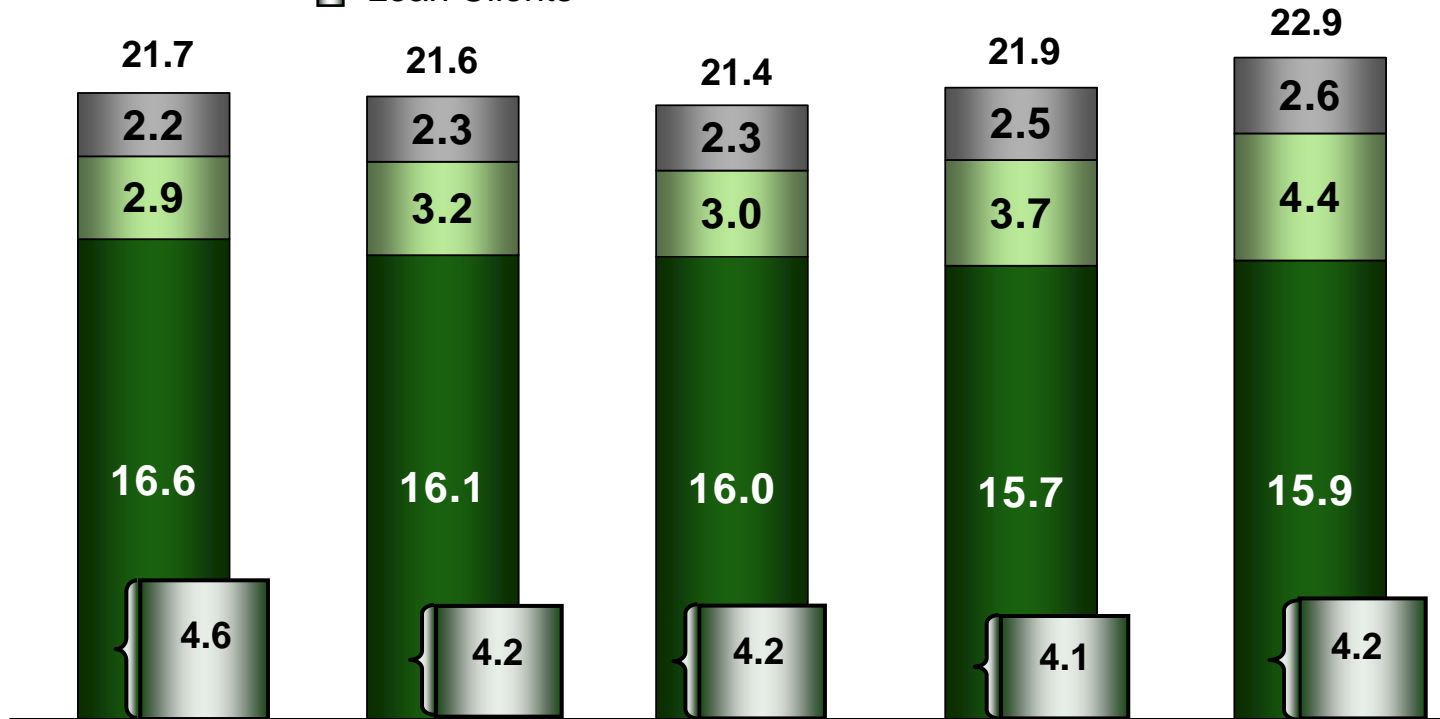
H&R BLOCK®

You got people™

Impact of Early Season Clients

Tax Clients In Millions

■ Total Retail
 ■ Digital
 ■ International
■ Loan Clients



2003

- System administration fees eliminated

2004

2005

2006

- Competitors introduce high-cost, early-season loans
- H&R Block doesn't match

2007

- Introduction of H&R Block Emerald Card
- 36% APR loans and low-cost early season loans

Tax Season '08 Highlights

- 36% APR on RAL products for all clients
- Expansion of Emerald Card features to broaden its appeal
- Extension of H&R Block industry leadership to independent tax firms



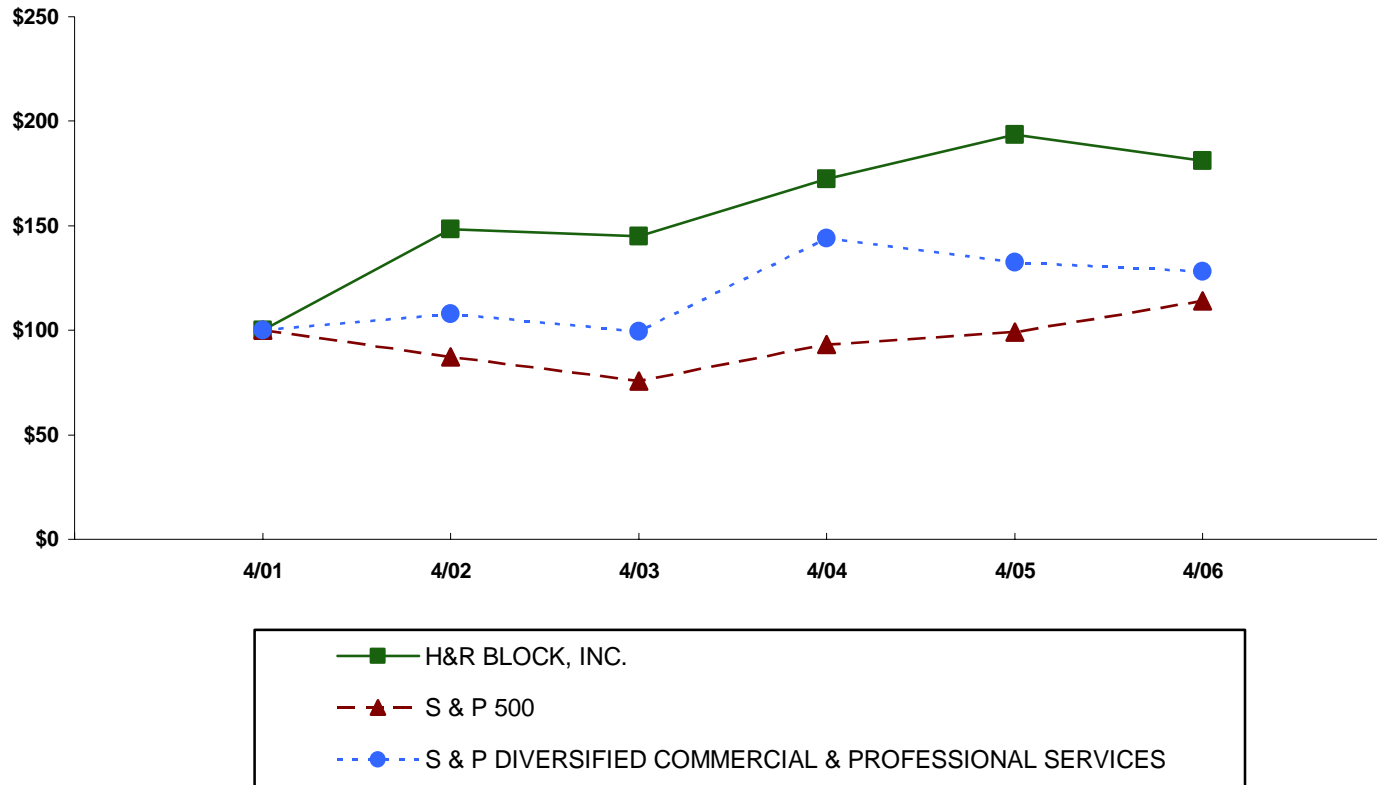


H&R BLOCK®

You got people™

Shareholder Return

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*



* \$100 invested on 4/30/01 in stock or index-including reinvestment of dividends.
Fiscal year ending April 30.

Copyright © 2006, Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.
www.researchdatagroup.com/S&P.htm

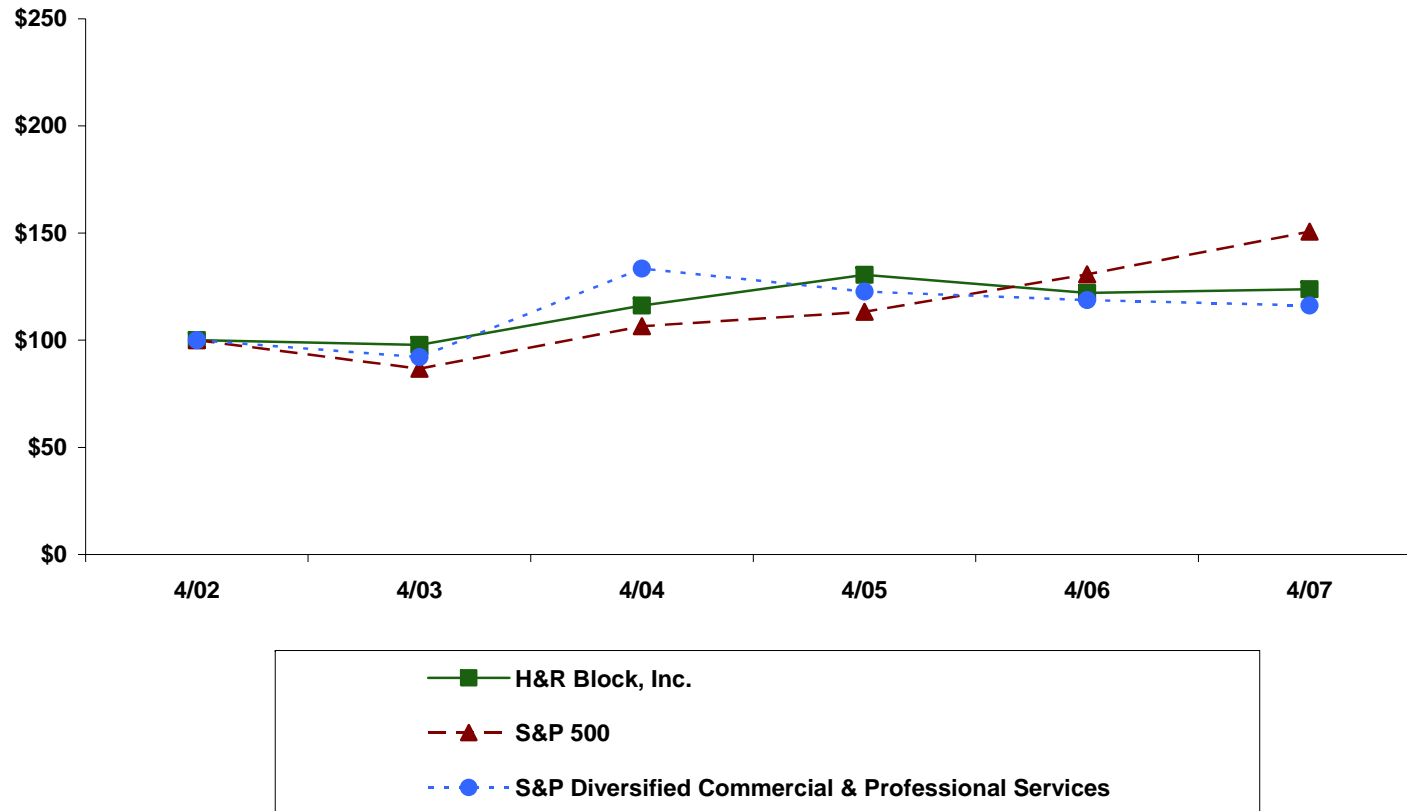


H&R BLOCK®

You got people™

Shareholder Return

COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN*



* \$100 invested on 4/30/02 in stock or index-including reinvestment of dividends.
Fiscal year ending April 30.

Copyright © 2007, Standard & Poor's, a division of The McGraw-Hill Companies, Inc. All rights reserved.
www.researchdatagroup.com/S&P.htm

- We are focused on tax, accounting and related financial services where we can create competitive advantage
- Managing through volatile mortgage market while working toward closing the sale of Option One
- Tax Services is well positioned for a very good season
- Consumer Financial Services profitability expected to double in FY08
- Expect continued strong performance from RSM McGladrey



We have to:

- Finalize our exit from Option One
- Focus our resources on ways we can uniquely create value for our clients
- Ensure we are using shareholder capital as effectively as possible