



August 15, 2006

Mark A. Ernst
Chairman, President and Chief Executive Officer
H&R Block, Inc.
4400 Main Street
Kansas City, Missouri 64111

Via FAX: (816) 753-8628

Dear Mr. Ernst:

We are writing to you as fiduciaries and managers of some of the nation's largest pension funds and as shareholders of H&R Block.

We request an immediate meeting between all members of H&R Block's Board of Directors and representative leaders of our pension systems to discuss governance issues and the recent legal and media attention regarding certain of H&R Block's product line. We believe that such a meeting will best allow us to communicate our concerns to the company, and initiate an important dialogue on these issues.

We are acutely aware of the lawsuits against the company relating to both its refund anticipation loans and its express IRAs. We are concerned that these numerous lawsuits have the potential to adversely affect the company's profitability and that the H&R Block brand is suffering from the negative perception surrounding these products. Ultimately, we are concerned that continuing to sell high-interest loans and marketing express IRAs to the customers least able to afford them is not only a dubious practice, but potentially places our long-term investments at risk.

We were deeply disappointed that you refused to allow a shareholder resolution on this issue to be placed on the proxy. We question whether your choice to actively petition the SEC for a no action letter was motivated by an attempt to avoid a substantive dialogue with your shareholders.

Therefore, we believe that it is important for the board, in a face-to-face session, to directly address our concerns. Please contact Lisa Schneider, Corporate Governance Director for the NC Retirement Systems, as our designee to work with you or your representative to schedule this meeting. Ms. Schneider may be reached at (919) 508-1040.



We look forward to your prompt attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Richard H. Moore".

Richard H. Moore
Treasurer
State of North Carolina

A handwritten signature in cursive script that reads "Alan G. Hevesi".

Alan G. Hevesi
Comptroller
State of New York

A handwritten signature in cursive script that reads "Denise L. Nappier".

Denise L. Nappier
Treasurer
State of Connecticut