

RETENTION AGREEMENT

WHEREAS, the Attorney General has determined that claims should be made against certain persons and/or legal entities which are now or have previously been known as H&R BLOCK, INC., H&R BLOCK EASTERN ENTERPRISES, INC., H&R BLOCK TAX SERVICES, INC. and H&R BLOCK FINANCIAL ADVISORS, INC. (referred to hereinafter as “Block” or the “company”), and other persons and legal entities which may be discovered in due course (all prospective defendants are referred to collectively hereinafter as the “Block Defendants”), in connection with violations of the Mississippi Consumer Protection Act, Miss. Code Ann. §§ 75-24-1, et seq. and also including, but not limited to, claims of common law fraud, negligent misrepresentation or omission, and breach of fiduciary duty (hereinafter “the Claims”).

WHEREAS, the Attorney General has determined that the damages incurred by the State of Mississippi total in excess of \$1,000,000.00, including applicable penalties, legal interest, attorneys’ fees, and costs;

WHEREAS, the Attorney General has determined that the investigation, research, and litigation of the Claims will require the expenditure of large sums of money and require the work of numerous lawyers, paralegals, accountants, and secretaries who are familiar with the defendants and their tortious and/or otherwise wrongful actions and/or inactions, and related issues for an extended period of time; and

WHEREAS, the Attorney General has further determined that it is in the best interests of the State and its citizens that the State retain attorneys experienced in the prosecution of tax and tort claims and specifically with litigation experience against Block to pursue the Claims; and,

WHEREAS, the Law Firm, Kilborn, Roebuck & McDonald is experienced in general tort law and litigation and has consented to represent the State of Mississippi, in association with the Attorney General, respecting the Claims and pursuant to the terms and conditions hereof.

IT IS, ACCORDINGLY, AGREED as follows:

1. The Office of the Attorney General hereby retains the Kilborn, Roebuck & McDonald Law Firm (“Law Firm”), and its principal members, Vincent F. Kilborn, III and David A. McDonald, are hereby designated as Special Assistant Attorneys General, for the purpose of investigating, researching and filing the Claims against “Block” and the “Block Defendants” in any appropriate Court or Courts or before any appropriate governmental agency.

2. The Attorney General does not relinquish his constitutional or statutory authority or responsibility through this Retention Agreement. The Attorney General has the sole authority to settle this litigation on behalf of the State of Mississippi and its citizens. The Law Firm shall consult with the Attorney General and obtain his approval on all material matters pertinent to these Claims and any litigation arising therefrom, and the Attorney General shall cooperate with the Law Firm and use his best efforts to secure the cooperation of other State agencies. Prior to initiating inquiries or demands to any persons or entities, the Attorney General and the Firm will agree upon entities to be contacted and/or claims to be pursued; the Firm will thereafter be entitled to its reasonable fees and expenses, as provided below, on any recovery from such agreed-upon entity or claims, discovered as a consequence of the Firm’s inquiry/demand. The Attorney General is not required, however, to assign any members of his staff to pursue the Claims, but may from time to time afford staff and other support services as the Attorney General deems appropriate. The Attorney General shall designate a member(s) of his staff to monitor

these Claims, and the Law Firm shall keep the Attorney General and his designated staff member(s) fully informed on all matters pertaining to the Claims.

3. The Attorney General and the Law Firm both recognize that the claims present numerous factual and legal obstacles, and that no assurance of success on the Claims has or can be made.

4. The Attorney General shall maintain responsibility for the public distribution of information concerning this matter. All press inquiries shall be referred to the Attorney General for comment and response.

5. Notwithstanding the potential difficulties, the Law Firm has agreed to represent the State, and the Attorney General hereby agrees that the Law Firm will be compensated for its efforts on the following basis:

A. Fee Agreements:

Exhibit A - Retention Agreement - Matter Settled Prior to Initiation of
Litigation

Exhibit B - Retention Agreement - Matter Resolved After Initiation of Litigation

B. All reasonable and necessary costs of litigation including, but not limited to, court costs, travel, witness fees, consultants, accounting, and expert fees and expenses, as shall be approved by the Attorney General, shall initially be borne entirely by the Law Firm, but shall be reimbursed from any gross recoveries from the pursuit of such claims on a case-by-case basis;

C. The Law Firm shall receive no compensation or reimbursement other than set out above. In the event that no recovery is realized, the Law Firm shall receive no compensation or reimbursement.

6. With the approval of the Attorney General, the Law Firm may associate other attorneys at its own expense and at no cost to the State of Mississippi. Notwithstanding such association of other attorneys, this Retention Agreement is non-assignable and non-transferable, nor are the Law Firm's commitments delegable without the express, written approval of the Attorney General.

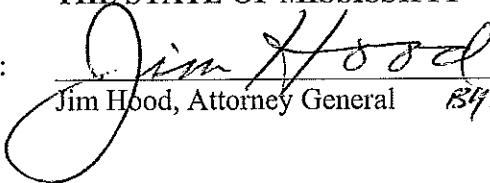
7. The undersigned have been designated by the Attorney General of the State of Mississippi as Special Assistant Attorneys General to investigate and, if appropriate, to initiate legal action in connection with "Block" and other persons and legal entities which may be discovered in due course in connection with violations of the Mississippi Consumer Protection Act, Miss. Code Ann. §§ 75-24-1, et seq., and also including, but not limited to, claims of common law fraud, negligent misrepresentation or omission, and breach of fiduciary duty. Thus, the undersigned do hereby agree to treat all information, documents, files and papers, including, but not limited to, individual account information of "Block" customers and other materials, including any records, documents, or information secured, reviewed or obtained pursuant to any civil investigative demand, subpoena for documents, or discovery requests in connection with this investigation and litigation as confidential in accordance with the provisions of Miss. Code Ann. §§ 75-24-1, et seq. and specifically, § 75-24-27. The undersigned further agree not to disclose, discuss or disseminate such confidential material and/or information to any unauthorized person. At the conclusion of this investigation and litigation, all documents and individual account information referenced herein shall be delivered and/or returned to the office of the Attorney General. All documents, files, papers, etc. referenced herein shall remain the property of the Office of the Attorney General at all times.

8. The undersigned shall be responsible for making the substantive terms and conditions of the confidentiality provisions of this Agreement known to all of the partners, associates, employees, representatives and agents of the law firm of Kilborn, Roebuck & McDonald, who may work on this matter, and shall secure from each of them a separate written confidentiality agreement containing the terms set forth in this Agreement and deliver same to the office of the Attorney General. These same confidentiality provisions shall also apply to any other attorneys who may be associated in this matter by the Kilborn, Roebuck & McDonald Law Firm including all partners, associates, representatives and agents of said associated attorneys.

DATED, this 17th day of NOVEMBER, 2007.

**ATTORNEY GENERAL OF
THE STATE OF MISSISSIPPI**

By:


Jim Hood, Attorney General *BJL/EM*

**KILBORN, ROEBUCK AND MCDONALD
LAW FIRM**

By:


Vincent F. Kilborn, III

By:


David A. McDonald

Attachment A
(Retention Agreement)
(Matter Settled Prior to Initiation of Litigation) *

The following shall be the structured contingent fee schedule:

For Sums Up to \$25,000,000.00:

15%; then in addition;

For those sums between \$25,000,000.00 and \$75,000,000.00:

13%; then in addition;

For those sums between \$75,000,000.00 to \$200,000,000.00:

7%; then in addition;

For those sums between \$200,000,000.00 to \$500,000,000.00:

4%; then in addition;

For all those sums greater than \$500,000,000.00:

2%; then in addition;

For all those sums greater than \$1,000,000,000.00:

1%

* Due diligence and good faith must be exercised to settle this matter prior to filing a complaint, or before any significant discovery initiated.

Attachment B
(Retention Agreement)
(Matter Resolved After Initiation of Litigation)

The following shall be the structured contingent fee schedule:

For Sums Up to \$25,000,000.00:

After filing complaint before discovery completed:	17%
After filing complaint after discovery complete awaiting trial:	20%
After commencement of trial:	25%

then in addition;

For those sums between \$25,000,000.00 and \$75,000,000.00:

After filing complaint before discovery completed:	15%
After filing complaint after discovery complete awaiting trial:	18%
After commencement of trial:	21%

then in addition;

For those sums between \$75,000,000.00 to \$200,000,000.00:

After filing complaint before discovery completed:	10%
After filing complaint after discovery complete awaiting trial:	14%
After commencement of trial:	18%

then in addition;

For those sums between \$200,000,000.00 to \$500,000,000.00:

After filing complaint before discovery completed:	6%
After filing complaint after discovery complete awaiting trial:	8%
After commencement of trial:	10%

then in addition;

For all those sums greater than \$500,000,000.00:

After filing complaint before discovery completed:	3%
After filing complaint after discovery complete awaiting trial:	4%
After commencement of trial:	5%

then in addition;

For all those sums greater than \$1,000,000,000.00:

After filing complaint before discovery completed:	2%
After filing complaint after discovery complete awaiting trial:	3%
After commencement of trial:	4%