

JTH Holding, Inc.  
Form DEF 14A  
September 28, 2012

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under §240.14a-12

**JTH Holding, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

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JTH Holding, Inc.  
1716 Corporate Landing Parkway  
Virginia Beach, Virginia 23454

September 28, 2012

Dear Fellow Stockholder:

You are cordially invited to attend JTH Holding, Inc.'s 2012 Annual Meeting of Stockholders, which will be held on Friday, November 16, 2012 at 11:00 a.m., Eastern Standard Time, at the Virginia Beach Convention Center located at 1000 19<sup>th</sup> Street, Virginia Beach, Virginia 23451. Details regarding admission to the meeting and the business to be conducted are described in this proxy statement. We have also made available with this proxy statement a copy of our Annual Report on Form 10-K for the year ended April 30, 2012, which includes our 2012 audited consolidated financial statements and provides information about our business.

Every stockholder's vote is important and valued. We look forward to your attendance at the meeting and the opportunity to review our developments over the past year and to share with you our plans for the future. Whether or not you expect to attend the annual meeting, it is important that your shares be represented. You may vote in person by ballot at the 2012 Annual Meeting, or by mailing a proxy card as described in the enclosed materials.

On behalf of the entire Board of Directors, I'd like to thank you for your commitment and support.

Sincerely,

John T. Hewitt  
*Chairman and Chief Executive  
Officer*  
JTH Holding, Inc.

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## **JTH Holding, Inc.**

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### **NOTICE OF ANNUAL MEETING OF STOCKHOLDERS TO BE HELD NOVEMBER 16, 2012**

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The annual meeting of stockholders of JTH Holding, Inc. (the "Company"), will be held at the Virginia Beach Convention Center located at 1000 19<sup>th</sup> Street, Virginia Beach, Virginia 23451, on Friday, November 16, 2012, at 11:00 a.m. Eastern Standard Time (the "2012 Annual Meeting").

The 2012 Annual Meeting will be held for the following purposes:

1. Election of four (4) Directors to the Board of Directors, each to serve until the 2013 annual meeting or until their successors are elected and qualified;
2. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ending April 30, 2013; and
3. Any other business that properly comes before the meeting and any adjournment thereof.

The foregoing items of business are more fully described in the proxy statement accompanying this notice. The Board of Directors has fixed the close of business on September 19, 2012 as the record date for determining stockholders of the Company entitled to receive notice of and vote at the meeting.

Stockholders of record of the Company's Class A Common Stock as of the close of business on September 19, 2012 are entitled to receive notice of, and to vote at, the 2012 Annual Meeting. For this purpose, the holder of our Special Voting Preferred Stock is also entitled to receive notice of, and to vote as a single class with the holders of our Class A Common Stock, at the 2012 Annual Meeting. In addition, stockholders of record of the Company's Class B Common Stock are entitled to receive notice of, and to vote at, the 2012 Annual Meeting on all matters other than the election of directors. Included in these materials are the Proxy Statement, the Company's 2012 Annual Report to Stockholders, which includes the Company's audited consolidated financial statements for the fiscal year ended April 30, 2012, this Notice of the Company's 2012 Annual Meeting, and your proxy card. These materials are being sent to stockholders on or about September 28, 2012, and are also available online at the Company's website at [www.libertytax.com](http://www.libertytax.com).

By Order of the Board of  
Directors,

JAMES J. WHEATON  
*General Counsel and Vice  
President, Legal and  
Governmental Affairs*

Virginia Beach, Virginia  
September 28, 2012

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**QUESTIONS AND ANSWERS ABOUT THE 2012 ANNUAL MEETING AND VOTING**

**PROXY STATEMENT**

This proxy statement (Proxy Statement) is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of JTH Holding, Inc. (the "Company") in connection with the Annual Meeting of Stockholders scheduled for November 16, 2012, at 11:00 Eastern Standard Time at the Virginia Beach Convention Center located at 1000 19<sup>th</sup> Street, Virginia Beach, Virginia 23451. This Proxy Statement, as well as a proxy card and Annual Report, were first mailed to stockholders on or about September 28, 2012.

**VOTING INSTRUCTIONS AND INFORMATION**

***Who may vote at the 2012 Annual Meeting?***

Each holder of the 12,132,331 shares of the Company's Class A Common Stock issued and outstanding at the close of business on September 19, 2012 (Record Date) will be entitled to receive a notice of the 2012 Annual Meeting, and to attend and vote at the 2012 Annual Meeting. These persons are considered "holders of record," and will be entitled to cast one vote per share owned for each proposal to be considered at the 2012 Annual Meeting. Moreover, the holder of our Special Voting Preferred Stock will be entitled to receive notice of and to attend the 2012 Annual Meeting, and to cast 1,000,000 votes, voting as a single class with the holders of the Class A Common Stock on all matters considered at the 2012 Annual Meeting. In addition, the holder of the 900,000 shares of the Company's Class B Common Stock issued and outstanding at the close of business on the Record Date is entitled to receive a notice of the 2012 Annual Meeting, and to attend and vote at the 2012 Annual Meeting as a single class with the shares of the Class A Common Stock and Special voting Preferred Stock on all matters other than the election of directors. As of the Record Date, the sole holder of the Class B Common Stock was John T. Hewitt, the Company's Chairman of the Board and Chief Executive Officer. Because the size of the Board has been established at nine and the Company's Amended and Restated Certificate of Incorporation (the "Certificate") provides that the holders of the Class B Common Stock are entitled to elect the minimum number of directors necessary to constitute a majority of the entire Board, Mr. Hewitt is presently entitled to elect five directors, and the holders of the Class A Common Stock and Special Voting Preferred Stock are entitled to elect the balance of the Board as more fully described in this Proxy Statement.

***What proposals will be voted on at the 2012 Annual Meeting?***

Stockholders will vote on two proposals at the 2012 Annual Meeting:

1. Election of four Directors to serve on our Board of Directors (Proposal 1); and
2. Ratification of the appointment of KPMG LLP ("KPMG") as our independent registered public accounting firm for the fiscal year ending April 30, 2013 (Proposal 2).

We are not aware of any matters to be presented at the meeting other than those described in this Proxy Statement. If any matters not described in the Proxy Statement are properly presented at the meeting, the proxies will use their own judgment to determine how to vote your shares. If the meeting is adjourned or postponed, the proxies may vote your shares at the adjournment or postponement as well.

***How does the Board of Directors recommend that I vote on these proposals?***

The Board of Directors recommends that you vote your shares:

1. "FOR" each of the Board's nominees for Director (Proposal 1); and

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2.

"FOR" the ratification of the appointment of KPMG as our independent registered public accounting firm for the fiscal year ending April 30, 2013 (Proposal 2).

***Who will bear the cost of this proxy solicitation?***

The Company will bear the entire cost of this proxy solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement, the proxy card, Annual Report, and any additional solicitation materials sent by the Company to stockholders. The Company may reimburse brokerage firms and other persons representing beneficial owners of Common Stock for their expenses in forwarding the proxy materials to those beneficial owners. In addition, proxies may be solicited by directors, officers and regular employees of the Company, who will not receive any additional compensation for solicitation, by mail, email, facsimile, telephone or personal contact.

***What is included in the proxy materials?***

The proxy materials include:

Our proxy statement for the 2012 Annual Meeting including a proxy card; and

Our 2012 Annual Report, which includes our 2012 audited consolidated financial statements.

***If I am a stockholder of record, how do I vote?***

You are entitled to cast one vote per share of Class A Common Stock owned as of the Record Date for each proposal to be considered at the Annual Meeting. You may vote by mail or in person at the Annual Meeting.

**Voting Before the 2012 Annual Meeting**

***How do I vote by mail?***

If you do not expect to attend the 2012 Annual Meeting in person, and choose to vote on the proposals on the agenda by mail, simply complete the proxy card, sign and date it, and return it in the postage-paid envelope provided. If you are a stockholder whose shares are held in "street name" (i.e., in the name of a broker, bank or other similar organization), you may obtain a proxy, executed in your favor, from the record holder. You may sign the proxy card and return it to the Company, or you may direct the record holder of your shares to vote your proxy in the manner you specify. Further, if your shares are held in street name, you must communicate your instructions respecting the voting of your shares to the record holder, or your broker will be prohibited from voting your shares. Voting by mail will not affect your right to vote in person if you decide to attend the 2012 Annual Meeting; however, if you wish to revoke your proxy, you must first notify the Corporate Secretary of your intent to vote in person, and must actually vote your shares at the 2012 Annual Meeting.

***What does it mean if I receive more than one set of proxy materials for the 2012 Annual Meeting?***

It means your shares are held in more than one account. You should vote all of your shares, using the separate proxy card provided with each set of proxy materials.

***What is householding?***

As permitted by the SEC, only one copy of this proxy statement is being delivered to stockholders residing at the same address, unless the stockholders have notified the Company of their desire to receive multiple copies of this proxy statement. This is known as householding.

The Company will promptly deliver, upon request, a separate copy of the proxy statement to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies



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for the current year or future years should be directed to the Corporate Secretary in writing at 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454, Attention: Corporate Secretary, or by email at [kathleen.curry@libtax.com](mailto:kathleen.curry@libtax.com).

***How may I view the voting results?***

The results of voting at the 2012 Annual Meeting will be filed with the SEC within four business days after the 2012 Annual Meeting and will be available on the SEC's website ([www.sec.gov](http://www.sec.gov)) or on our website ([www.libertytax.com](http://www.libertytax.com)). If the final results are not available at that time, we will provide preliminary voting results in a Form 8-K and will provide the final voting results in an amendment to the Form 8-K as soon as they are available.

***How may I vote in person at the 2012 Annual Meeting?***

If you plan to attend the 2012 Annual Meeting and wish to vote your shares in person, you will be asked to present valid government-issued photo identification, such as a driver's license. If you are a holder of record, you will need to bring with you your proxy card to gain admission to the 2012 Annual Meeting. If you require special assistance due to a disability or other reasons, please notify the Corporate Secretary in writing at 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454, Attention: Corporate Secretary or by email at [kathleen.curry@libtax.com](mailto:kathleen.curry@libtax.com).

If your shares are held by a broker, bank or other similar organization, bring with you to the 2012 Annual Meeting the proxy card, any voting instruction form that is sent to you, or your most recent brokerage statement or a letter from your broker, bank or other similar organization indicating that you beneficially owned the shares of common stock as of the Record Date. We can use that to verify your beneficial ownership of common stock and admit you to the 2012 Annual Meeting. If you intend to vote at the 2012 Annual Meeting, you also will need to bring to the 2012 Annual Meeting a legal proxy from your broker, bank or other similar organization that authorizes you to vote the shares that the record holder holds for you in its name.

***How may I revoke my proxy?***

You may change or revoke your proxy at any time before it is voted at the 2012 Annual Meeting. You can send a written notice of revocation of your proxy to the Corporate Secretary so that it is received before the taking of the vote at the 2012 Annual Meeting. You can also attend the 2012 Annual Meeting and vote in person. Your attendance at the 2012 Annual Meeting will not in and of itself revoke your proxy. In order to revoke your proxy, you must also notify the Corporate Secretary of your intent to vote in person, and then vote your shares at the 2012 Annual Meeting. If you require assistance in changing or revoking your proxy, please contact the Corporate Secretary at 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454, Attention: Corporate Secretary or by email at [kathleen.curry@libtax.com](mailto:kathleen.curry@libtax.com).

***What constitutes a quorum?***

Holders of a majority of the issued and outstanding shares of capital stock of the Company entitled to vote (taking into account the 1,000,000 votes entitled to be voted as a single class with the Class A Common Stock by the holder of the Special Voting Preferred Stock), who are represented in person or by proxy, will constitute a quorum at the 2012 Annual Meeting. A quorum is required to transact business at the 2012 Annual Meeting. A representative of Wells Fargo Bank N.A. has been appointed by the Company's Board of Directors to act as the inspector of election. The inspector of election will tabulate the votes cast by proxy or in person at the 2012 Annual Meeting, and will determine whether or not a quorum is present. If a quorum is not present, the 2012 Annual Meeting will likely be adjourned or postponed in order to solicit additional proxies.

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***How are votes counted?***

Each holder of Class A Common Stock will be entitled to one vote for each share of Class A Common Stock held by the stockholder, and the holder of the Special Voting Preferred Stock will be entitled to a total of 1,000,000 votes, voting as a single class with the Class A Common Stock. In all matters, other than the election of directors and except as otherwise required by law, the Certificate of Incorporation, the Bylaws or the rules and regulations of NASDAQ, the affirmative vote of a majority of the voting power of the shares present or represented by proxy at the meeting and entitled to vote on the subject matter shall be the act of the stockholders. A plurality of the voting power of the shares of Class A Common Stock (taking into account the 1,000,000 votes entitled to be voted as a single class with the Class A Common Stock by the holder of the Special Voting Preferred Stock) present in person or represented by proxy at the meeting and entitled to vote with respect to the election of directors shall elect directors.

***Election of Directors (Proposal 1)***

To be elected as a Director, a nominee must receive the affirmative vote of a plurality of the votes cast by the holders of Class A Common Stock and the holder of the Special Voting Preferred Stock.

***Ratification of Independent Registered Public Accounting Firm (Proposal 2)***

Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ending April 30, 2013 requires the affirmative vote of a majority of the voting power of the shares present or represented by proxy entitled to vote and at a meeting at which a quorum is present. Under Delaware law, abstentions are counted as shares present and entitled to vote at the meeting. Therefore, abstentions will have the same effect as a vote "against" the ratification of the Company's independent registered public accounting firm.

Shares represented by proxy will be voted as directed on the proxy form and, if no direction is given, will be voted as follows:

1. "FOR" the election of each of the Director nominees;
2. "FOR" the ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for fiscal 2013; and
3. In the best judgment of the persons named in the proxies, with respect to any other matters that may properly come before the meeting.

***What are broker non-votes and how are they counted?***

Brokers, banks or other similar organizations holding shares in street name for customers who are beneficial owners of such shares are prohibited from voting customers' shares on non-routine matters in the absence of specific instructions from those customers. This is commonly referred to as a "broker non-vote." With respect to the proposals in question, broker non-votes will be counted for quorum purposes but will not be counted as "votes cast" either for or against such proposals.

The election of directors is considered a non-routine matter and, therefore, if you hold your shares through a bank, broker or other similar organization, the organization may not vote your shares on this matter absent specific instructions from you. As such, there may be broker non-votes with respect to this matter. Because broker non-votes with respect to the election of directors will not be counted as "votes cast," if your shares are held in street name, it is critical that you vote or provide specific instructions to your broker, bank or similar organization if you want your vote to count. On the other hand, the ratification of the selection of KPMG LLP as the Company's independent registered public accounting firm is considered a routine matter. Therefore, an organization that holds your shares may

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vote on this matter without instructions from you and no broker non-votes will occur with respect to this matter.

If you received more than one proxy card, you may hold shares in more than one account. To ensure that all of your shares are voted, you must sign and return each card. As a holder of common stock of the Company, you are always invited to attend the 2012 Annual Meeting and vote your shares in person.

***Is my vote confidential?***

Yes, it is our policy that documents identifying your vote are confidential. The vote of any stockholder will not be disclosed to any third party before the final vote count at the 2012 Annual Meeting except:

To meet any legal requirements;

To assert claims for or defend claims against the Company;

To allow authorized individuals to count and certify the results of the stockholder vote;

If a proxy solicitation in opposition to the Board of Directors takes place; or

To respond to stockholders who have written comments on proxy cards or who have requested disclosure.

***What is the Company's internet address?***

The Company's Internet Address is [www.libertytax.com](http://www.libertytax.com). The Company's filings with the SEC are available free of charge via the "About Liberty Tax" link at this website (click on the "Investor Relations" heading), and may also be found at the SEC's website at [www.sec.gov](http://www.sec.gov).

**PROPOSAL 1 ELECTION OF DIRECTORS**

The Company's Certificate and Amended and Restated Bylaws (the "Bylaws") provide that except as may be provided in a resolution or resolutions of the Board of Directors providing for any series of preferred stock with respect to any directors elected (or to be elected) by the holders of that series, the total number of directors constituting the entire Board of Directors shall consist of not less than five nor more than fifteen members, with the precise number of directors to be determined from time to time by a vote of the Board of Directors.

Except as may be provided in a resolution or resolutions providing for any series of preferred stock with respect to any directors elected (or to be elected) by the holders of that series, any vacancies in the Board of Directors and any newly created directorships resulting by reason of any increase in the number of directors may be filled only by the affirmative vote of the holders of at least a majority of the shares of the applicable class of capital stock entitled to elect such director, voting together as a single class, and any directors so appointed shall hold office until the next election of directors and until their successors are elected and qualified.

By resolution of the Board of Directors, the present size of the Board has been established at nine, but an unfilled vacancy exists on the Board. The Certificate also provides that the holders of the Class B Common Stock are entitled to elect the minimum number of directors necessary to constitute a majority of the entire Board, and that the holders of the Class A Common Stock and Special Voting Preferred Stock are entitled to elect the balance of the Board. John Hewitt, the Company's Chairman and Chief Executive Officer, currently owns all outstanding shares of the Company's Class B Common Stock. Because the size of the Board has been established at nine, Mr. Hewitt is presently entitled to elect five directors, and the holders of the Class A Common Stock and Special Voting Preferred Stock are entitled to elect the remaining four directors. Mr. Hewitt has advised the Board of Directors that

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immediately prior to the 2012 Annual Meeting, he will elect the following four directors, each to serve until the 2013 Annual Meeting or until their successors are elected and qualified:

Gordon D'Angelo  
 Gary P. Golding  
 John T. Hewitt  
 Ellen M. McDowell

Each of the Directors elected by Mr. Hewitt has consented to be named and to serve if elected by him. Under the Certificate, Mr. Hewitt has the right to name different directors if any of his intended designees becomes unavailable for election for any reason, or for any other reason. Mr. Hewitt has further indicated to the Board that at this time, he intends to continue to leave the fifth Board seat to which he is entitled to elect a director vacant, reserving the right to fill that Board seat at a later time.

The Bylaws of the Company include an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of persons for election to the Board of Directors. No nominations were received for the 2012 Annual Meeting, and the four nominees for the Board of Directors being recommended for election at the 2012 Annual Meeting are being recommended by the Board of Directors, acting upon the recommendation of the Board's Nominating and Corporate Governance Committee. Each of the four nominees, if elected, will hold office until the next annual meeting of shareholders or until his or her successor is elected and qualified. The Board has nominated John R. Garel, Steven Ibbotson, Ross N. Longfield and George T. Robson for election as directors of the Company. Each nominee has consented to be named and to serve if elected. If any of the nominees becomes unavailable for election for any reason, the proxies will be voted for any substitute nominees.

**DIRECTOR NOMINEES AND CLASS B STOCKHOLDER DESIGNEEES**

The following table sets forth information regarding our director nominees and designees, as of the date of this proxy statement:

Name	Age	Position(s)
<b>Director Nominees</b>		
John R. Garel	54	Director
Steven Ibbotson	50	Director
Ross N. Longfield	72	Director
George T. Robson	65	Director
<b>Director Designees of Class B Stockholder</b>		
Gordon D'Angelo	59	Director
Gary P. Golding	55	Director
John T. Hewitt	63	Chairman and Chief Executive Officer
Ellen M. McDowell	52	Director

The Board of Directors unanimously recommends that you vote "FOR" the election to the Board of Directors each of the four nominees identified above as "Director Nominees."

**QUALIFICATIONS AND EXPERIENCE OF DIRECTOR NOMINEES AND CLASS B STOCKHOLDER DESIGNEEES**

**Director Nominees**

*John R. Garel.* Mr. Garel has served as a Director since May 2003. From June 2000 until the present, Mr. Garel has served as a Senior Managing Director for Envest Holdings, a private equity management company. As a Senior Managing Director of Envest Holdings, which manages two funds

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that are among our largest stockholders, Mr. Garel has garnered expertise in analysis of investment opportunities and evaluation of business strategies. In his tenure at Envest, Mr. Garel has overseen the deployment of capital across a variety of industries.

*Steven Ibbotson.* Mr. Ibbotson has served as a Director since June 1999. Mr. Ibbotson has served as General Manager for Farm Business Consultants, Inc. ("FBC") in Calgary, Alberta since September 1997. From September 1995 until September 1997, he served as a General Manager-Western Canada for FBC, Inc. also in Calgary, Alberta. From September 1993 until September 1995 he served as Director of Marketing for FBC in London, Ontario. FBC is a tax preparation and consulting firm serving farmers and small business owners across Canada. Through his service as General Manager and various other positions at FBC, Mr. Ibbotson brings many years of tax preparation industry expertise to our Board. Mr. Ibbotson has developed significant managerial expertise through his career at FBC and is familiar with many of the operational challenges in the tax preparation industry, many of which confront our company. Mr. Ibbotson also serves as the Board of Directors representative of our largest stockholder, DataTax Business Services Limited.

*Ross N. Longfield.* Mr. Longfield has served as a Director since December 2001. Mr. Longfield is managing partner of Longfield Consulting, a financial services firm located in Wyoming. From November 2002 through December 2004 Mr. Longfield served as Chairman of the Board of Incurrent Solutions in Parsippany, New Jersey. From June 1998 until December 2000, Mr. Longfield served as a Managing Director for Household International in Bridgewater, New Jersey. He was Chairman and CEO of Beneficial Bank USA from 1990 to 1998, was a pioneer of the RAL concept and has many years of experience in the tax preparation industry. Mr. Longfield brings highly valuable financial and managerial expertise to the Board through his service with Incurrent Solutions, Household International and other public and private companies. Mr. Longfield is highly experienced and knowledgeable in financial analysis, financial statements and risk management which qualifies him as one of our audit committee financial experts.

*George T. Robson.* Mr. Robson has served as a Director since April 1999. Mr. Robson, currently retired, served as the Chief Financial Officer for Dendrite International, a sales and software concern in Morristown, New Jersey from June 1997 until June 2002, and as interim Chief Financial Officer from June to November 2005. Mr. Robson also previously served as the principal of Caversham Associates, a financial consulting firm in Bryn Mawr, Pennsylvania, from June 2002 until April 2006. Mr. Robson was the Chief Financial Officer for H&R Block from January 1996 until May 1997. Mr. Robson is also a Director of Learning Tree International, a provider of hands-on training to managers and information technology professionals. Mr. Robson brings highly valuable financial expertise to the Board through his experience as the Chief Financial Officer of various companies, including service in our industry as the Chief Financial Officer of H&R Block in the mid-1990s. Mr. Robson is highly experienced and knowledgeable in financial analysis, financial statements and risk management which qualifies him as one of our audit committee financial experts. Mr. Robson also possesses management advisory experience through his service as a director of several companies.

**Class B Stockholder Designees**

*Gordon D'Angelo.* Mr. D'Angelo has served as a Director since June 2011. Mr. D'Angelo is the co-founder and Chairman of NEXT Financial Group and related entities, an independent registered broker/dealer that provides financial services such as retirement planning, estate planning and investment management through 550 offices in 49 states. Prior to co-founding NEXT Financial in 1998, Mr. D'Angelo was a director of Jackson Hewitt. Mr. D'Angelo brings to the Board of Directors a wealth of experience in the financial services industry drawing upon his experience from his co-founding of NEXT Financial Group in 1998 where he strengthened his leadership capabilities and

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management advisory expertise. Mr. D'Angelo also has experience in the tax preparation industry, in that he previously worked for H&R Block before serving as a director of Jackson Hewitt.

*Gary P. Golding.* Mr. Golding has been a Director since October 2000. Mr. Golding is a General Partner for Edison Partners IV, L.P., a venture capital investment partnership and has served in such position since October 1997. Mr. Golding also serves on the Board of Directors of Vocus, Inc., a provider of cloud-based PR and marketing software for public relations management. As a General Partner of Edison Partners IV, L.P., which manages one of our largest stockholders, Mr. Golding has garnered expertise in analysis of investment opportunities and brings extensive management advisory expertise to the Board through his service as a director of multiple private companies. During his tenure with Edison, Mr. Golding has overseen the deployment of investments across a variety of industries.

*John T. Hewitt.* Mr. Hewitt has served as our Chairman, Chief Executive Officer and President since October 1996. Mr. Hewitt is a pioneer in the tax preparation industry with a career in the industry spanning over 40 years. From August 1982 until June 1996, Mr. Hewitt was the Founder, President, Chief Executive Officer and Chairman of Jackson Hewitt Inc., in Virginia Beach, Virginia. From December 1969 until June 1981, Mr. Hewitt held the varying positions of Tax Preparer, Assistant District Manager, District Manager, and Regional Director with H&R Block in Buffalo and Elmira, New York and Moorestown, New Jersey. Mr. Hewitt is the brother of Ellen M. McDowell, one of our directors. In serving as Chairman of the Board of Directors as well as Chief Executive Officer, Mr. Hewitt is effectively able to integrate the operating and business strategies of the company, which is an invaluable asset to the Board in formulating our overall strategic direction.

*Ellen M. McDowell.* Ms. McDowell has served as a Director since June 2010. From January 1998 until the present, Ms. McDowell has also served as an Attorney and Managing Shareholder at McDowell-Riga-Posternock, P.C., in Maple Shade, New Jersey. Ms. McDowell is the sister of John Hewitt, our Chairman and Chief Executive Officer. Her experience as an attorney provides an important legal perspective for our Board as it considers various operating and business strategies.

**COMMITTEES OF THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE**

Our Board of Directors currently has three standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The responsibilities of each committee are described below. Members serve on these committees until their resignation or until otherwise determined by our Board of Directors. The chart below reflects the current composition of each of the standing committees.

Name of Director	Audit	Compensation	Nominating and Corporate Governance
Gordon D'Angelo		X	X
John R. Garel	X		X(1)
Gary P. Golding		X	X
John T. Hewitt			
Steven Ibbotson		X(1)	X
Ross N. Longfield	X		X
Ellen M. McDowell			
George T. Robson	X(1)		X

(1) Chairperson of Committee

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***Audit Committee***

Our Audit Committee provides oversight of our accounting and financial reporting process, the audit of our financial statements and our internal control function. Among other matters, the Audit Committee assists the Board of Directors in oversight of the independent auditors' qualifications, independence and performance; is responsible for the engagement, retention and compensation of the independent auditors; reviews the scope of the annual audit; reviews and discusses with management and the independent auditors the results of the annual audit and the review of our quarterly consolidated financial statements including the disclosures in our annual and quarterly reports filed with the SEC; reviews our risk assessment and risk management processes; establishes procedures for receiving, retaining and investigating complaints received by us regarding accounting, internal accounting controls or audit matters; approves audit and permissible non-audit services provided by our independent auditor; and reviews and approves related party transactions under Item 404 of Regulation S-K. In addition, our Audit Committee oversees our internal audit function.

All members of our Audit Committee meet the requirements for financial literacy under the applicable rules and regulations of the SEC and NASDAQ. Our Board of Directors has determined that Mr. Robson and Mr. Longfield are audit committee financial experts as defined under the applicable rules of the SEC and NASDAQ. All of the members of our Audit Committee are independent directors as defined under the applicable rules and regulations of the SEC and NASDAQ. The Board has adopted a written Audit Committee Charter which is available at the Company's website: [www.libertytax.com](http://www.libertytax.com) or upon written request to the Corporate Secretary, JTH Holding, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454.

***Compensation Committee***

Our Compensation Committee adopts and administers the compensation policies, plans and benefit programs for our executive officers and all other members of our executive team. In addition, among other things, our Compensation Committee annually evaluates, in consultation with the Board of Directors, the performance of our Chief Executive Officer, reviews and approves corporate goals and objectives relevant to compensation of our Chief Executive Officer and other executives and evaluates the performance of these executives in light of those goals and objectives. Our Compensation Committee also adopts and administers our equity compensation plans.

All of the members of our Compensation Committee are independent under the applicable rules and regulations of the SEC and NASDAQ, and Section 162(m) of the Internal Revenue Code (the "Code"). The Board has adopted a written Compensation Committee Charter which is available at the Company's website: [www.libertytax.com](http://www.libertytax.com) or upon written request to the Corporate Secretary, JTH Holding, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454.

***Nominating and Corporate Governance Committee***

Our Nominating and Corporate Governance Committee is responsible for, among other things, making recommendations regarding corporate governance, the composition of our Board of Directors, identification, evaluation and nomination of director candidates and the structure and composition of committees of our Board of Directors. In addition, our Nominating and Corporate Governance Committee oversees our corporate governance guidelines, approves our Committee charters, oversees compliance with our code of business conduct and ethics, reviews actual and potential conflicts of interest of our directors and officers other than related party transactions reviewed by the Audit Committee and oversees the Board self-evaluation process. Our Nominating and Corporate Governance Committee is also responsible for making recommendations regarding non-employee director compensation to the full Board of Directors.

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Each of the members of the Board of Directors other than our President and Chief Executive Officer, John T. Hewitt, and Ellen McDowell, who is Mr. Hewitt's sister, are members of our Nominating and Corporate Governance Committee. All of the members of our Nominating and Corporate Governance Committee are independent under the rules and regulations of NASDAQ. The Board has adopted a written Nominating and Corporate Governance Committee Charter which is available at the Company's website: [www.libertytax.com](http://www.libertytax.com) or upon written request to the Corporate Secretary, JTH Holding, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454.

***Meeting Attendance***

During our fiscal year ended April 30, 2012, our Board of Directors held 10 meetings, either in person or by telephone. Each Director attended at least 75% of the aggregate of (1) the total number of meetings of the Board of Directors held while he or she was a Director, and (2) the total number of meetings held by all committees on which he or she served during the periods that he or she served on the committee.

***Section 16(a) Beneficial Ownership Reporting Compliance***

Section 16(a) of the Securities Exchange Act of 1934, as amended, requires our officers and directors, and persons who own more than 10% of our common stock, to file with the Securities and Exchange Commission reports detailing their ownership of our common stock and changes in such ownership. Officers, directors and greater than 10% shareholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Because we did not become subject to the reporting requirements of the Securities Exchange Act of 1934 until June 2012, none of our officers or directors were subject to the Section 16(a) reporting requirements during the last fiscal year.

***Director Attendance at Annual Meeting of Stockholders***

Although the Company has no specific policy regarding director attendance at the Company's Annual Meeting of Stockholders, all directors are encouraged to attend. Board and Committee meetings are being held preceding the 2012 Annual Meeting. The Company did not become a public company until June 2012, and did not hold a public annual meeting in 2011.

***Communications with the Board***

Stockholders and other interested parties wishing to communicate with the Board of Directors, the non-employee directors, or an individual Board member concerning the Company may do so by writing to the Board, to the non-employee directors, or to the particular Board member, and mailing the correspondence to the Corporate Secretary, JTH Holding, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454. Please indicate on the envelope whether the communication is from a stockholder or other interested party. In addition, our Board members have made and may in the future make themselves available for consultation and direct communication with significant stockholders.

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

Messrs. Golding, Hewitt and Ibbotson served as members of our Compensation Committee in fiscal 2012. In August 2011, Mr. Hewitt, our Chairman and CEO, resigned as a member of the Compensation Committee. None of the current members of our Compensation Committee is or has at any time during the past year been one of our officers or employees. None of our executive officers currently serves, or in the past year has served, as a member of the Board of Directors or Compensation Committee of any entity that has one or more executive officers serving on our Board of Directors or Compensation Committee.



Table of Contents**NON-EMPLOYEE DIRECTOR COMPENSATION**

In fiscal year 2012, non-employee directors did not receive an annual retainer, but were granted stock options on an annual basis. For service on the Audit Committee prior to June 1, 2012, members received \$5,000 annually and the chairperson of the Audit Committee and the Compensation Committee received \$10,000 and \$5,000, respectively, annually.

The Compensation Committee approved certain changes in the compensation of our non-employee directors, effective June 1, 2012, including an annual retainer of \$35,000. In addition, for service on the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, members now receive annual retainers of \$10,000, \$7,500 and \$5,000, and the chairpersons receive annual retainers of \$20,000, \$10,000 and \$7,500, respectively, effective June 1, 2012. Our non-employee directors are entitled to receive this cash compensation in the form of restricted stock, if they so elect.

Effective June 1, 2012, each non-employee director received total stock-based compensation with a grant date value of \$35,000 per year, issued in a combination of restricted stock units and stock options, as determined by the Compensation Committee.

The table below sets forth all compensation paid to our non-employee directors for fiscal 2012. Information regarding Mr. Hewitt's compensation, our only management director, is included under "Executive Compensation."

Name	Fees Earned or Paid in Cash (\$)	Option Awards \$(1)(2)	Total (\$)
Gordon D'Angelo		86,700	86,700
John R. Garel	5,000(3)	19,600(4)	24,600
Gary P. Golding		19,600(5)	19,600
Steven Ibbotson	5,000	19,600	24,600
Ross N. Longfield	5,000	19,600	24,600
Ellen M. McDowell			
George T. Robson	10,000	19,600	29,600

- (1) Amounts in this column reflect the grant date fair value of the options granted to each non-employee director under the company's 1998 Stock Option Plan, calculated in accordance with FASB Accounting Standards Codification Topic 718 ("ASC Topic 718"), based on the fair market value, as determined by the Board of Directors of the Company's stock on the date of grant. Assumptions used in the calculation of these amounts for fiscal 2012 are included in Note 11 to the Company's audited financial statements for the year ended April 30, 2012.
- (2) The aggregate number of option awards outstanding as of April 30, 2012 for each director was as follows: Mr. D'Angelo, 30,000 options; Mr. Garel, 70,000 options which were issued, upon Mr. Garel's request, to Envest II, LLC and Envest III, LLC (Mr. Garel is a manager of the manager of both companies), Mr. Golding, 40,000 options which were issued, upon Mr. Golding's request, to Edison Venture Fund IV, L.P., a fund managed by an entity in which Mr. Golding serves as General Partner, Mr. Ibbotson, 50,000 options, Mr. Longfield, 50,000 options, Ms. McDowell, 30,000 options, and Mr. Robson, 50,000 options.
- (3) \$750 of these fees were paid, upon Mr. Garel's request, to Envest II, LLC, and \$4,250 of the fees were paid to Envest III, LLC. Mr. Garel serves as a manager of the manager for Envest II, LLC and Envest III, LLC.
- (4) 1,500 of the 10,000 options granted to Mr. Garel in fiscal 2012 were issued, upon Mr. Garel's request, to Envest II, LLC and the remaining 8,500 options were issued to Envest III, LLC.

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- (5) The 10,000 options granted to Mr. Golding in fiscal 2012 were issued, upon Mr. Golding's request, to Edison Venture Fund IV, L.P., a fund managed by an entity in which Mr. Golding serves as General Partner.

**DIRECTOR INDEPENDENCE AND BOARD STRUCTURE**

Our Board of Directors has undertaken a review of its composition, the composition of its committees and the independence of each director. Based on the review of each director's background, employment and affiliations, including family relationships, the Board of Directors has determined that six of our eight directors are "independent" under the rules and regulations of the SEC and NASDAQ. In making this determination, our Board of Directors considered the current and prior relationships that each non-employee director has with our company and all other facts and circumstances our Board of Directors deemed relevant in determining their independence, including the beneficial ownership of our capital stock. Mr. Hewitt was not deemed independent as a result of his service as our Chief Executive Officer and Ms. McDowell is not deemed independent as a result of her familial relationship with Mr. Hewitt.

Mr. Hewitt serves as both the Chairman of the Board of Directors and as our Chief Executive Officer. The Board of Directors has not designated a "lead independent director." The Board of Directors believes that the structure is in the best interests of the Company's shareholders at this time because it makes the best use of Mr. Hewitt's extensive knowledge of the Company and its industry and also facilitates communication between management and the Board of Directors.

The Board of Directors expects the Company's management to take primary responsibility for identifying material risks the Company faces and communicating them to the Board, developing and implementing appropriate risk management strategies responsive to those risks with oversight from the Board, and integrating risk management into the Company's decision-making processes. The Board of Directors regularly reviews information regarding the Company's credit, liquidity and operational risks as well as strategies for addressing and managing these risks. Certain committees of the Board, such as the Audit and Compensation Committees, manage risks within their area of responsibility. In particular, the Audit Committee monitors financial, credit and liquidity risk issues, and the Compensation Committee monitors the Company's compensation programs so that those programs do not encourage excessive risk-taking by Company employees.

**EXECUTIVE OFFICERS**

The following table sets forth information regarding our executive officers as of the date of this proxy statement:

Name	Age	Position(s)
John T. Hewitt	63	Chairman, Chief Executive Officer and President
Mark F. Baumgartner	50	Chief Financial Officer
T. Rufe Vanderpool	51	Chief Operating Officer
James J. Wheaton	52	General Counsel, Vice President of Legal and Governmental Affairs

*John T. Hewitt.* Mr. Hewitt's biographical information is set forth on page 8 of this proxy statement.

*Mark F. Baumgartner.* Mr. Baumgartner has served as our Chief Financial Officer since February 2004. From August 2003 until February 2004, Mr. Baumgartner was an independent consultant to us. From May 1999 until August 2003, Mr. Baumgartner served as Chief Financial Officer for InfiNet Company in Norfolk, Virginia. From August 1991 until May 1999, Mr. Baumgartner served as Senior

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Vice President of Operations for First Coastal Bank in Virginia Beach, Virginia. From June 1986 until August 1991, Mr. Baumgartner worked for Price Waterhouse in Norfolk, Virginia under the varying capacities of Audit Staff, Audit Senior and Audit Manager.

*T. Rufe Vanderpool.* Mr. Vanderpool has served as our Chief Operating Officer since June 2011 and previously served as our Vice President of Operations from June 2006. From June 2004 to June 2006, Mr. Vanderpool served as our Vice President of Software Development. From April 1998 until May 2004, Mr. Vanderpool served as COO of Orrtax Software, Inc. in Bellevue, Washington. From June 1996 until April 1998, Mr. Vanderpool served as President and CEO of Abacus Software in Edmonton, Canada.

*James J. Wheaton.* Mr. Wheaton has served as our General Counsel and Vice President of Legal and Governmental Affairs since February 2011. Mr. Wheaton was previously a partner at the law firm of Troutman Sanders LLP, where he practiced at the firm's Virginia Beach, Virginia office from 2001 until joining us in February 2011, and served as the practice group leader for the firm's mergers and acquisitions group. From September 1986 until May 2001, Mr. Wheaton was associated with the law firm of Willcox & Savage, P.C. in Norfolk, Virginia, where he was a shareholder from 1991 until 2001.

### COMPENSATION DISCUSSION AND ANALYSIS

The compensation provided to our "named executive officers" for the fiscal year ended April 30, 2012 ("fiscal 2012") is set forth in detail in the Summary Compensation Table for fiscal 2012 and other tables and the accompanying footnotes that follow this section. This section explains our executive compensation philosophy, objectives and design, our compensation-setting process, our executive compensation program components and the decisions made in fiscal 2012 for each of our named executive officers.

Our named executive officers for fiscal 2012 consisted of the following individuals:

John T. Hewitt, who currently serves as our Chairman, President and Chief Executive Officer;

Mark F. Baumgartner, who currently serves as our Vice President and Chief Financial Officer;

T. Rufe Vanderpool, who currently serves as our Chief Operating Officer; and

James J. Wheaton, who currently serves as our General Counsel and Vice President, Legal and Governmental Affairs.

#### *Compensation overview and objectives*

We strive to establish compensation practices that attract, retain and reward our senior management, and strengthen the mutuality of interests between our senior management and our stockholders. We believe that the most effective executive compensation program is one that is conservative, but competitive, and which aligns the compensation of our senior management with the creation of stockholder value. Under the oversight of the Compensation Committee, we have developed and implemented a pay-for-performance executive compensation program that rewards senior management for the achievement of certain financial performance objectives. We achieve the philosophies of pay-for-performance and alignment of senior management compensation with stockholder value creation primarily by providing a substantial portion of each executive's total annual compensation through annual performance bonuses and grants of long-term equity compensation. In the past several years, the Compensation Committee tied the level of bonus payments under our bonus plan to the achievement of certain company-wide financial performance objectives and individual goals (other than for the Chief Executive Officer and Chief Financial Officer, whose bonus payments are solely tied to company-wide financial performance objectives).

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***Determination of compensation***

Our Compensation Committee is responsible for determining our compensation and benefit plans generally, and has established and reviewed all compensatory plans and arrangements with respect to our named executive officers. The Compensation Committee meets not less than four times annually to specifically review and determine adjustments, if any, to all elements of compensation, including base salary, annual bonus compensation and long-term equity awards. The Compensation Committee annually evaluates the achievement of performance goals for the prior fiscal year and sets new performance goals for the current fiscal year. The Compensation Committee also meets additionally as needed to discuss compensation-related matters as they arise during the year.

In addition, with respect to the compensation of our named executive officers, other than our Chief Executive Officer, the Compensation Committee seeks the input and recommendation of our Chief Executive Officer. Our Chief Executive Officer reviews each other named executive officer's overall performance and contribution to the Company at the end of each fiscal year and makes recommendations regarding each element of their compensation to the Compensation Committee. Our Chief Executive Officer's compensation is determined solely by the Compensation Committee. Our Chief Executive Officer does not participate in any formal discussion with the Compensation Committee regarding his compensation.

The Compensation Committee does not generally rely on formulaic guidelines for determining the mix or levels of cash and equity-based compensation, but rather maintains a flexible compensation program that allows it to adapt components and levels of compensation to motivate and reward individual executives within the context of our desire to attain certain strategic and financial goals. Subjective factors considered in compensation determinations include an executive's skills and capabilities, contributions as a member of the executive management team, contributions to our overall performance and the sufficiency of total compensation potential and structure to ensure the retention of an executive when considering the compensation potential that may be available elsewhere.

Except as described in the following paragraph, the Compensation Committee has generally not undertaken any formal benchmarking or reviewed any surveys commissioned by us of compensation for our competitors, but has instead relied primarily on our members' general knowledge of the competitive market. However, the Board of Directors did review salaries at similar companies for similarly-situated executives in fiscal 2011 when determining the base salary level for Mr. Wheaton, our General Counsel and Vice President, Legal and Governmental Affairs, who joined the company in February 2011.

In 2011, we engaged a compensation consultant, Pearl Meyer & Partners ("Pearl Meyer"), to conduct an overall assessment of our compensation programs and practices and to make recommendations regarding changes to our programs and practices as we transition to being a public company. Based upon the market analysis and recommendations of Pearl Meyer, among other factors, our Compensation Committee approved certain increases in the compensation of our named executive officers, effective June 1, 2012.

***Components of compensation for fiscal 2012***

For fiscal 2012, the compensation provided to our named executive officers consisted of base salary, annual bonus, long-term equity-based compensation, retirement benefits and other benefits, each of which is described in more detail below. We believe that the mix of cash- and equity-based compensation, as well as the relationship of fixed to performance-based compensation, is properly balanced and provides us with an effective means to attract, motivate and retain our named executive officers, as well as reward them for creation of stockholder value.

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*Base Salary*

The base salary payable to each named executive officer is intended to provide a fixed component of compensation reflecting the executive's skill set, experience, role and responsibilities. Base salary amounts are established at the time of each named executive officer's initial employment with the company, but are subject to upward adjustment by the Compensation Committee after its consideration of, among other factors, the scope of the executive's responsibilities, individual performance for the prior year, the mix of fixed compensation to overall compensation and consistency with what the Compensation Committee considers to be the market standard for compensation paid to similarly-situated executives at other companies.

In fiscal 2012, the Compensation Committee established a company-wide guideline that provided for an average salary increase to all employees of approximately 4% of their fiscal 2011 salary, with the actual amount of any employee's raise determined based on fiscal 2011 performance. In fiscal 2012, both Mr. Hewitt and Mr. Wheaton received a 4% raise pursuant to these guidelines and based on the Committee's subjective evaluation of their performance. Mr. Baumgartner's base salary was increased by 14.2% in fiscal 2012 in order to implement a contractually scheduled increase. Mr. Vanderpool received a 29.0% increase in base salary, reflecting his assumption of new duties as Chief Operating Officer.

Mr. Wheaton was hired in February 2011 and his base salary was set at a level that was in line with the market standards for compensation paid to similarly-situated executives at other companies, as demonstrated in an informal survey of similarly situated companies that was conducted under the direction of the Compensation Committee. He received a 4% increase in his base salary in fiscal 2012. Mr. Wheaton's base salary was required by his employment agreement to automatically increase from its then current level by \$50,000 upon the effective date of a registration statement under the Securities Act or the Exchange Act.

Effective June 1, 2012, the base salaries of Messrs. Hewitt, Baumgartner, Vanderpool and Wheaton were increased to \$469,000, \$319,000, \$257,000 and \$331,000, respectively. The increase in Mr. Wheaton's base salary includes the contractual \$50,000 increase described above.

*Annual Bonuses*

We have an annual performance bonus plan (a short-term cash incentive bonus plan with annual financial, and in some cases, individual performance goals), through which we provide for cash bonus awards to certain of our senior employees, including all of our named executive officers. Annual bonuses, which are generally paid during June for the prior fiscal year's performance, are intended to compensate executives for achieving annual company-wide financial goals and, in some instances, individual performance goals. Under our bonus plan, our Compensation Committee established a target bonus amount (expressed as a percentage of base salary) for each of our executives that would become payable upon the achievement of our corporate performance metrics and, in the case of Mr. Vanderpool, individual performance. Target bonus amounts for fiscal 2011 and 2012 (140% of base salary for Mr. Hewitt, 75% of base salary for Mr. Baumgartner, 60% of base salary for Mr. Vanderpool and 30% of base salary for Mr. Wheaton (subject to a \$50,000 minimum)) were established by the Compensation Committee in June 2010 and June 2011, respectively, with actual bonuses being based upon the achievement of the applicable performance objectives. No bonuses were to be earned under the bonus plan in either year unless we achieved 85% of the target for the company-wide performance metrics described below. Our Compensation Committee also has the discretion to award an additional bonus to the extent that we exceed the target performance metrics.

The target bonus amounts for Messrs. Hewitt, Baumgartner, Vanderpool and Wheaton were determined by our Compensation Committee based on consideration of our overall compensation program and market standards for compensation paid to similarly-situated executives at other

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companies based on their general knowledge of the competitive market. The fiscal 2012 target bonus percentages for our named executive officers did not change from their fiscal 2011 levels, except for Mr. Wheaton, whose 2011 bonus was established at a guaranteed minimum because he joined the Company in February 2011. For fiscal 2011, the payment of annual bonuses to Messrs. Hewitt and Baumgartner were based 100% upon achievement of company-wide performance goals relating to our revenue and net income. For Mr. Vanderpool, the payment of his annual bonus was based two-thirds upon achievement of these company-wide performance goals and one-third upon his achievement of certain individual performance goals. For fiscal 2012, the payment of annual bonuses to each of Messrs. Hewitt, Baumgartner, Vanderpool and Wheaton was based 100% upon achievement of company-wide performance goals relating to our revenue and net income. The performance goals for each of our named executive officers used in 2011 (except for Mr. Wheaton) and 2012 in determining the target bonus as a percentage of the officer's base salary is set forth in the table below:

Name	Revenue (%)	Net Income (%)	Individual (%)	Total Target Bonus as Percentage of Base Salary (%)	
John T. Hewitt	70	70	0	140	
Mark F. Baumgartner	35	40	0	75	
T. Rufe Vanderpool (2011)	15	25	20	60	
T. Rufe Vanderpool (2012)	30	30	0	60	
James J. Wheaton	15	15	0	30	

For fiscal 2011, our target revenue goal was approximately \$97.9 million and our target net income goal was \$17.3 million. Accordingly, no bonuses were to be earned under the bonus plan unless the following threshold amounts were achieved: (i) our revenue was at least \$83.2 million or (ii) our net income was at least \$14.7 million (85% of target). For fiscal 2011, we achieved \$95.5 million in revenue (98% of target) and \$16.3 million in net income (as adjusted for expenses related to preparing for an initial public offering) (95% of target). For fiscal 2012, our target revenue goal was approximately \$110.1 million and our target net income goal was \$19.2 million. Accordingly, no bonuses were to be earned under the bonus plan for 2012 unless the following threshold amounts are achieved: (i) our revenue was at least \$93.6 million, or (ii) our net income was at least \$16.3 million (85% of target goals). Under the bonus plan, once the threshold amounts are achieved, payments are made in an amount equal to 25% of the total revenue or net income percentage for each additional 5% of the target achieved up to 100% of the target as illustrated in the table below:

% of Target Achieved	Payout (%)
85	25
90	50
95	75
100	100(1)

(1)

The Compensation Committee has the discretion to award an additional bonus to the extent we exceed the target performance metrics.

For example, if we achieved 85% of the revenue target, an officer with a 50% revenue component would receive 12.5% of the revenue bonus component (25% of 50%). In fiscal 2011, we achieved 98% and 95% of our revenue and net income goals, respectively, and therefore we paid out 75% of the respective amounts allocated to the revenue and net income components of each officer's bonus. For Mr. Vanderpool, the payment of his annual bonus in 2011 was based two-thirds upon the achievement of the revenue and net income performance goals and one-third upon his achievement of certain individual goals, including growth in number of offices, tax returns prepared and systemwide revenue. Mr. Vanderpool received 8% of his base salary attributable to the achievement of his individual

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performance goals based upon the recommendation of our Chief Executive Officer and approval by our Compensation Committee. For fiscal 2012, Mr. Vanderpool's target bonus was entirely based on the achievement of company-wide performance goals with no individual performance component.

In fiscal 2012, we achieved 99% and 95% of our revenue and net income goals (adjusted for expenses associated with our postponed IPO), respectively, and therefore we paid out 75% of the respective amounts allocated to the revenue and net income components of each officer's bonus.

The following tables set forth the actual bonus payouts for fiscal 2012 and fiscal 2011 for our named executive officers based on the performance achieved.

#### **Fiscal 2012**

Name	Actual Bonus Amounts as a Percentage of Salary (%)		Actual Bonus Amount as a Percentage of Base Salary (%)	Actual Bonus Amount (\$)
	Revenue	Net Income		
John T. Hewitt	52.50	52.50	105	316,045
Mark F. Baumgartner	26.25	30.00	56	135,675
T. Rufe Vanderpool	22.50	22.50	45	94,500
James J. Wheaton(1)	11.25	11.25	23	60,840

(1) Mr. Wheaton was guaranteed a minimum bonus of \$50,000 for fiscal 2012.

#### **Fiscal 2011**

Name	Actual Bonus Amounts as a Percentage of Salary (%)		Actual Bonus Amount as a Percentage of Base Salary (%)	Actual Bonus Amount (\$)
	Revenue	Net Income		
John T. Hewitt	52.50	52.50	105	303,849
Mark F. Baumgartner	26.25	30.00	56	118,800
T. Rufe Vanderpool	11.25	18.75	38(2)	61,845(2)
James J. Wheaton(1)				50,000

(1) Mr. Wheaton was guaranteed a minimum bonus of \$50,000 for fiscal 2011.

(2) Includes \$13,020 (8% of base salary) related to the achievement of Mr. Vanderpool's individual performance goals.

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For fiscal 2011, the aggregate payout percentages for Messrs. Hewitt, Baumgartner and Vanderpool were 105%, 56% and 38%, respectively, resulting in payouts of \$303,849, \$118,800 and \$61,845, respectively. Mr. Wheaton received a guaranteed payout of \$50,000. These amounts were paid in June 2011.

For fiscal 2012, the target bonuses for Messrs. Hewitt, Baumgartner and Vanderpool remained the same (140%, 75% and 60%, respectively). However, Mr. Vanderpool's target bonus was entirely based on the achievement of company-wide financial goals with no individual performance component. For 2012, Mr. Wheaton's target bonus was 30% of his base salary, with a minimum guaranteed bonus of \$50,000.

Effective for fiscal 2013, the target bonuses of Messrs. Hewitt, Baumgartner, Vanderpool and Wheaton will be 100%, 75%, 60% and 30% of their base salaries, respectively.

***Long term equity compensation***

*1998 Stock Option Plan*

Originally effective as of May 1, 1998, and as subsequently extended effective May 1, 2008, our 1998 Stock Option Plan, or the 1998 Plan, is designed to assist in attracting, retaining and motivating employees, non-employee directors and other independent contractors of outstanding ability and to promote the identification of their interests with those of the stockholders of the company. We intend to grant future equity awards under a new stock incentive plan, which is discussed below, and no further grants will be made under the 1998 Plan.

Our Board of Directors administers the 1998 Plan and is authorized to, among other things, designate participants, grant options, determine the terms and conditions relating to options, including vesting, prescribe option agreements, interpret the stock option plan and to make any other determinations that it deems necessary or advisable for the administration of the 1998 Plan.

Our 1998 Plan reserved 6,100,000 shares of our common stock for issuance, as adjusted for any stock dividend or split, recapitalization, merger, consolidation, reorganization or any other similar corporate transaction or event. For purposes of determining the shares previously available for grant under the stock option plan, to the extent that an option expires or is canceled, forfeited, settled in cash or otherwise terminated without a delivery to the participant of the full number of shares to which the option related, the undelivered shares will again be available for grant. Similarly, shares withheld in payment of the exercise price or taxes relating to an option and shares equal to the number surrendered in payment of any exercise price or taxes relating to an option shall be deemed to constitute shares not delivered to the participant and shall be deemed to again be available for options under the 1998 Plan.

The Board of Directors has the ability to amend or terminate the 1998 Plan at any time, provided that no amendment or termination will be made without stockholder approval to increase the aggregate number of shares that may be issued under the plan (except in the case of certain corporate transactions as described above), to modify eligibility under the plan or to increase materially the benefits accruing to participants under the plan. The Board of Directors may also suspend or terminate the 1998 Plan at any time, provided such termination does not adversely affect the rights of any option holders. Unless sooner terminated, the 1998 Plan will terminate on April 30, 2018.

In fiscal 2011, each of our named executive officers other than Mr. Baumgartner (who received a multi-year grant in June 2008) received a grant of options. The number of options granted (except for Mr. Wheaton) was determined by our Board of Directors, based upon recommendations from the Compensation Committee and, other than with respect to his own grants, the Chief Executive Officer, based on each executive's position, role and responsibilities, and individual performance as determined by the Board of Directors. Mr. Wheaton's options were granted upon his employment with us in



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February 2011. In fiscal 2012, no options were granted to our named executive officers other than Mr. Vanderpool, who received a multi-year grant of 90,000 options. This grant was determined by our Board of Directors, based on the recommendation of the Compensation Committee, based on Mr. Vanderpool's assumption of the increased duties of Chief Operating Officer.

In determining the actual number of options awarded to our named executive officers, the Board of Directors considered our past grant practices and determined awards that were consistent with our overall compensation objectives. Those objectives include providing a substantial portion of named executive officer compensation in the form of long-term equity-based compensation and aligning our named executive officers' interests with those of our stockholders. Historically (and in fiscal 2011), the Board of Directors determined the actual number of options to be awarded to our named executive officers during a given fiscal year by assessing targeted long-term ownership levels and the relative percentage of total equity outstanding that each option grant represents.

Our 1998 Plan provides that the Board of Directors may determine the vesting schedule of options granted. With the exception of the options granted to Mr. Wheaton upon his commencement of employment in February 2011, multi-year options granted to our senior officers, including our named executive officers, generally vest over a five-year period, with 20% vesting on the first anniversary of the original grant date and the remaining 80% vesting on a pro-rata basis on each anniversary of the original grant date over the four-year period thereafter; each tranche expires five years from the date of vesting. The stock options granted under the 1998 Plan do not provide for accelerated vesting in the event of a termination or change of control. In the case of Mr. Wheaton, his options vest as to 40,000 shares each year on the last day of each fiscal year beginning with the fiscal year ended April 30, 2011, but vest fully and become exercisable as to all options under the grant upon the termination of Mr. Wheaton's employment by him for "good reason" as defined in his employment agreement. We believe that granting options subject to the vesting schedules described above provides us with an effective mechanism to incentivize and to retain our named executive officers and to align their interest with the long-term interests of our stockholders.

*2011 Equity and Cash Incentive Plan*

On August 26, 2011, in consideration of the benefits of long-term equity incentive awards and upon the recommendation of our Compensation Committee, our Board of Directors adopted the JTH Holding, Inc. 2011 Equity and Cash Incentive Plan (referred to as the "2011 Equity and Cash Incentive Plan" or the "2011 Plan"). The 2011 Plan was subsequently approved by our stockholders on August 30, 2011. The Plan provides us with the ability to utilize equity incentive awards as a part of our overall compensation structure.

Key features of the 2011 Plan include:

All stock options, stock appreciation rights and other purchase rights must have an exercise price that is not less than the fair market value of the underlying stock on the grant date.

The maximum number of shares of our Class A Common Stock available under the 2011 Plan is 1,919,505 (as of June 30, 2012, including shares that had been previously available under the 1998 Plan). The maximum number of shares of our Class A Common Stock that may be issued under the 2011 Plan may be issued under any type of Award, including incentive stock options within the meaning of Section 422 of the Code.

The 2011 Plan does not include any reload or "evergreen" share replenishment features.

Without stockholder approval, we may not reprice Awards or repurchase Awards that are subject to forfeiture or have not yet vested.

Any material amendments to the 2011 Plan require stockholder approval.

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The 2011 Plan will be administered by our Compensation Committee, which is comprised entirely of independent directors.

No further Awards will be granted under the 1998 Plan.

No dividends or Dividend Equivalents (as defined below) may be granted in connection with Options, SARs or other Stock-Based Awards in the nature of purchase rights (as defined below). No dividends or Dividend Equivalents may be paid in connection with a performance-based Award unless and until the underlying performance conditions are achieved, and any such dividends or dividend equivalents will accumulate (without interest) and become payable only at the time and to the extent the applicable Award becomes payable or nonforfeitable.

A summary of the principal features of the 2011 Plan is included in the Company's Registration Statement on Form 10, filed with the SEC on June 1, 2012.

*Retirement Benefits*

In fiscal 2012, each of our named executive officers had the opportunity to participate in our 401(k) plan on the same basis as our other employees. We believe that the 401(k) plan provides an enhanced opportunity for our named executive officers to plan for and meet their retirement savings needs. This plan is a tax-qualified retirement plan designed to meet the requirements of Sections 401(a) and 401(k) of the Code. Under the 401(k) plan, participants may elect to make pre-tax savings deferrals of up to 86% of their compensation each calendar year, subject to annual limits on such deferrals (e.g., \$16,500 in the 2011 calendar year) imposed by the Code. Participants who attain age 50 also may elect to make certain catch-up contributions, subject to a separate annual limit on such contributions (\$5,500 in the 2011 calendar year) imposed by the Code.

We may in our discretion, on an annual basis, make a matching contribution with respect to a participant's elective deferrals and/or may make additional company contributions. Historically, we have matched 50% of the amount contributed by a participant, up to 3% of the participant's compensation subject to applicable limits pursuant to Section 401(a)(17) of the Code. Each of our named executive officers participated in our 401(k) plan during fiscal 2012 and received matching contributions.

*Perquisites and Other Benefits*

In fiscal 2012, our named executive officers were eligible to receive the same benefits, including life and health benefits, which were available to all employees.

***Compensation Risk Assessment***

As part of its oversight of our executive compensation program, the Compensation Committee considers the impact of our executive compensation program, and the incentives created by the compensation awards that it administers, on our risk profile. In addition, the Compensation Committee reviews all of our compensation policies and procedures, including the incentives that they create and factors that may increase the likelihood of excessive risk taking, to determine whether they present a significant risk to us. The Compensation Committee believes that our compensation programs are designed with the appropriate balance of risk and reward in relation to our overall business strategy and that the various components of our overall compensation program, taken as a whole, do not encourage excessive risk taking. This conclusion is based on, among other factors, the level of base salaries paid by us, the balance of short-term and long-term incentive compensation, and the establishment of goals and thresholds in compensation plans and awards that are believed to be aggressive, but achievable. The Compensation Committee believes that the risks arising from our employee compensation policies and practices are not reasonably likely to have a material adverse effect on us.

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**COMPENSATION COMMITTEE REPORT**

Management of the Company has prepared the Compensation Discussion and Analysis (the "CD&A"), and the Compensation Committee has reviewed and discussed the CD&A with management. Based on its review and discussion, the Compensation Committee recommended to the Board that the CD&A be included in this proxy statement.

Members of the Compensation Committee:

Steven Ibbotson (Chair)  
Gary P. Golding  
Gordon D'Angelo

**EMPLOYMENT/SEVERANCE, NON-COMPETITION AND NON-SOLICITATION AGREEMENTS**

Effective June 1, 2012, we entered into employment agreements with each of Messrs. Hewitt, Baumgartner and Vanderpool, and an amended employment agreement with Mr. Wheaton pursuant to which they will be entitled to severance benefits upon certain qualifying terminations of their respective employment. The following descriptions are summaries of these agreements and are qualified by reference to the full text of the employment agreements which are filed as exhibits to the Company's Form 8-K filed on June 14, 2012.

***Employment Agreements***

As indicated above, effective June 1, 2012, we entered into employment agreements with each of the named executive officers, the material terms of which are described below.

*New Employment Agreements.* Effective June 1, 2012, we entered into employment agreements with each of Messrs. Hewitt, Baumgartner and Vanderpool. The employment agreements each provide for an initial term expiring April 30, 2014. The agreements are automatically renewed for successive one-year terms, unless the Company or the named executive officer gives the other written notice of non-renewal at least 90 days prior to the expiration of the term.

Under the new agreements, the base salaries of Messrs. Hewitt, Baumgartner and Vanderpool were increased to \$469,000, \$319,000 and \$257,000, respectively, and those individuals will continue to be eligible to participate in the Company's annual cash bonus plan.

Messrs. Hewitt, Baumgartner and Vanderpool are entitled to employee benefits generally available to all employees. They are also provided with a PDA device.

As discussed below under "Potential Payments on Change of Control," the employment agreements provide for severance benefits to be paid to Messrs. Hewitt, Baumgartner and Vanderpool upon certain qualifying terminations of their respective employment.

The employment agreements contain customary confidentiality, non-competition and non-solicitation provisions.

*James J. Wheaton.* Effective June 1, 2012, we entered into an amended and restated employment agreement with Mr. Wheaton that conforms certain terms of his prior employment agreement to the terms of the new form of agreement utilized for Messrs. Hewitt, Baumgartner and Vanderpool. The material changes that were included in the amended and restated employment agreement are discussed below under "Potential Payments on Change of Control." The other material terms and conditions of the new agreement remain consistent with his original agreement, which was entered into effective February 7, 2011.

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The agreement provides for an initial two-year term that began February 7, 2011. The agreement automatically renews for successive one-year terms, unless either party gives the other written notice of non-renewal at least 90 days prior to the expiration of the term.

Mr. Wheaton's employment entitles him to employee benefits generally available to all employees. He is also provided with a PDA device. Mr. Wheaton's employment agreement also provides that the company will pay or reimburse him for any required licenses or bar expenses related to his status as an attorney admitted to the Virginia State Bar, and for other expenses related to his bar leadership position.

As discussed below under "Potential Payments on Change of Control," Mr. Wheaton's agreement provides for severance benefits to be paid to him upon certain qualifying terminations.

Mr. Wheaton's employment agreement contains customary confidentiality, non-competition and non-solicitation provisions.

Table of Contents**2012 SUMMARY COMPENSATION TABLE**

The following table summarizes information concerning the compensation awarded to, earned by, or paid for services rendered in all capacities by our named executive officers during the years ended April 30, 2012 and 2011. The compensation described in this table does not include medical, group life insurance or other benefits that are available generally to all of our salaried employees.

Name and Principal Position	Fiscal Year Ended April 30	Salary (\$)	Bonus (\$)	Option Awards (\$)(1)	Non-Equity Incentive Compensation		Total (\$)
					Plan (\$)(2)	All Other Compensation (\$)	
John T. Hewitt, Chairman, President and Chief Executive Officer	2012	299,619			316,045	4,127(3)	619,791
	2011	287,790		712,500	303,849	7,636(3)	1,311,775
Mark F. Baumgartner, Chief Financial Officer	2012	237,738			135,675	5,184(3)	378,597
	2011	204,277			118,800	8,961(3)	332,038
T. Rufe Vanderpool, Chief Operating Officer	2012	204,185		260,100	94,500	5,750(3)	564,535
	2011	161,856		99,900	61,845		323,601
James J. Wheaton, General Counsel, Vice President of Legal and Governmental Affairs	2012	269,200			60,840	7,476(3)	337,516
	2011	50,000(4)	90,000(5)	606,000			746,000

- (1) Amounts in this column reflect the grant date fair value of the options granted to each named executive officer under the Company's 1998 Stock Option Plan, calculated in accordance with ASC Topic 718, based on the fair market value, as determined by the Board of Directors, of the Company's stock on the date of grant. Assumptions used in the calculation of these amounts are included in Note 11 to the Company's audited financial statements for the fiscal year ended April 30, 2012, included in our 2012 Annual Report.
- (2) Amounts in this column for 2012 and 2011 were earned under the Company's annual cash bonus plans for fiscal 2012 and fiscal 2011 performance, respectively.
- (3) These amounts reflect the Company's matching contribution under the Company's 401(k) plan.
- (4) Mr. Wheaton was employed by the Company beginning February 7, 2011. Mr. Wheaton's initial base salary was \$260,000, subject to increase in accordance with the terms of his employment agreement.
- (5) This amount reflects a \$40,000 signing bonus received by Mr. Wheaton upon the commencement of his employment with the Company and a \$50,000 minimum guaranteed bonus under the Company's 2011 annual cash bonus plan.

Table of Contents**GRANTS OF PLAN BASED AWARDS**

The following table sets forth information regarding grants of plan based awards to each of the named executive officers during the fiscal year ended April 30, 2012.

Name	Grant Date	Threshold(1)	Estimated Future Payouts under Non-Equity Incentive Plan Awards (\$)		All Other Option Awards; Number of Securities Underlying Options (#)	Exercise Price of Option Awards (\$/Share)	Grant Date Fair Value of Option Awards (\$)(3)
			Target	Maximum(2)			
John T. Hewitt			421,393				
Mark F. Baumgartner			180,900				
T. Rufe Vanderpool	6/3/2011		81,120		90,000	15.00	260,100
James J. Wheaton							

(1) No bonuses were to be earned under the 2012 annual bonus plan unless (i) our revenue was at least \$93.6 million, or (ii) our net income was at least \$16.3 million.

(2) The Compensation Committee has the discretion to award an additional bonus to the extent we exceed the target performance metrics.

(3) Amounts in this column reflect the grant date fair value of the options granted to each named executive officer under the Company's 1998 Stock Option Plan, calculated in accordance with ASC Topic 718, based on the fair market value, as determined by the Board of Directors of the Company's stock on the date of grant. Assumptions used in the calculation of these amounts for fiscal 2012 are included in Note 11 to the Company's audited financial statements, included in our 2012 Annual Report.

Table of Contents**OUTSTANDING OPTION AWARDS AT YEAR END**

The following table sets forth information regarding outstanding option awards held by our named executive officers at April 30, 2012. All grants noted below were made under the Company's 1998 Stock Option Plan.

Name	Grant Date	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date
John T. Hewitt	6/1/2007	8,658		11.55	6/1/2012
	6/1/2007	41,342		10.50	6/1/2012
	6/16/2008	6,060		16.50	6/16/2013
	6/16/2008	43,940		15.00	6/16/2013
	5/29/2009	6,060		16.50	5/29/2014
	5/29/2009	68,940		15.00	5/29/2014
	6/4/2010	18,180	6,060	16.50	(1)
	6/4/2010	206,820	68,940	15.00	(1)
Mark F. Baumgartner	2/28/2004	40,000		5.50	(2)
	6/16/2008	160,000	40,000	15.00	(3)
T. Rufe Vanderpool	6/1/2007	8,000		10.50	6/1/2012
	6/16/2008	8,000		15.00	6/16/2013
	5/29/2009	10,000		15.00	5/29/2014
	6/4/2010	30,000	10,000	15.00	(1)
	6/3/2011	30,000	60,000	15.00	(4)
James J. Wheaton	2/7/2011	80,000	120,000	15.00	(5)

- (1) Options vest in equal annual installments in 2010, 2011, 2012 and 2013 with the expiration date for such options being five years after the date that they vest (June 4, 2015, April 15, 2016, 2017 and 2018, respectively).
- (2) Options vested in 2008 with the expiration date for such options being five years after the date that they vest (April 15, 2013).
- (3) Options vest in equal annual installments in 2009, 2010, 2011, 2012 and 2013 with the expiration date for such options being five years after the date that they vest (April 15, 2014, 2015, 2016, 2017 and 2018, respectively).
- (4) Options vest in equal annual installments in 2012, 2013 and 2014 with the expiration date for such options being five years after the date that they vest (April 15, 2017, 2018 and 2019, respectively).
- (5) Options vest in equal annual installments in 2011, 2012, 2013, 2014 and 2015 with the expiration date for such options being five years after the date that they vest (April 15, 2016, 2017, 2018, 2019 and 2020, respectively).

Table of Contents**OPTIONS EXERCISED AND STOCK VESTED**

The following table sets forth certain information regarding exercised stock options during the year ended April 30, 2012 for each of the named executive officers. We have not granted any other type of stock-based awards.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)(1)	Value Realized on Exercise (\$)(2)
John T. Hewitt		
Mark F. Baumgartner	40,000	380,000
T. Rufe Vanderpool		
James J. Wheaton		

- (1) Represents the gross number of shares acquired upon exercise of vested options without taking into account any shares that may have been surrendered or withheld to cover the option exercise price or applicable tax obligations.
- (2) Value realized is the gross number of options exercised multiplied by the difference between the fair market value of our Class A common stock on the date of exercise and the exercise price.

**POTENTIAL PAYMENTS ON CHANGE OF CONTROL**

None of our named executive officers has a change in control agreement. However, the employment agreements we have entered into with each of Messrs. Hewitt, Baumgartner, Vanderpool and Wheaton entitle them to certain payments under their respective employment agreements upon certain qualifying terminations.

*Messrs. Hewitt, Baumgartner and Vanderpool.* Under the employment agreements with Messrs. Hewitt, Baumgartner and Vanderpool, each named executive officer is entitled to certain payments if his employment is terminated by him for Good Reason (as defined under the form of agreement), by us without Cause (as defined under the form of agreement) or as a result of the named executive officer's Employment-Related Death or Disability (as defined under the form of agreement).

If the named executive officer's employment is terminated by him for Good Reason, by us without Cause or as a result of his Employment-Related Death or Disability, he is entitled to the following: (i) the payment of his base salary through the date of termination; (ii) the payment of an amount equal to his monthly base salary multiplied by 18; (iii) the payment of an amount equal to the pro-rated bonus to which he would have been entitled; (iv) the accelerated vesting of any incentive stock awards, including options, that were not vested as of the date of his termination; (v) continued coverage at our expense under any medical, dental, life insurance and disability policies for a period of 18 months, unless the named executive officer becomes reemployed with another employer and is eligible to receive such welfare benefits from that employer; and (vi) any other amounts or benefits required to be paid to the named executive officer or that he is eligible to receive under any plan, program, policy or practice or contract or agreement with us.

If the named executive officer's employment is terminated by him without Good Reason, by us for Cause or due to his Disability (as defined under the form of agreement), other than as a consequence of Employment-Related Death or Disability, the named executive officer is only entitled to the payment of his salary through the date of termination.



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If the named executive officer's employment is terminated as a result of his death or Disability (other than as a consequence of Employment-Related Death or Disability), he is entitled to his base salary through the date of his termination, as well as the pro-rata bonus to which he would have been entitled.

*Mr. Wheaton.* Under his employment agreement, Mr. Wheaton is entitled to certain payments if his employment is terminated by him for Good Reason (as defined under the agreement) or by us without Cause (as defined under the agreement).

If Mr. Wheaton's employment is terminated by him for Good Reason or by us without Cause, he is entitled to the following: (i) the payment of his base salary through the date of termination; (ii) the payment of an amount equal to his monthly base salary multiplied by 24; (iii) the payment of an amount equal to two times the pro-rated bonus to which he would have been entitled; (iv) the accelerated vesting of any incentive stock awards, including options, that were not vested as of the date of his termination; (v) continued coverage at our expense under any medical, dental, life insurance and disability policies for a period of two years, unless Mr. Wheaton becomes reemployed with another employer and is eligible to receive such welfare benefits from that employer; and (vi) any other amounts or benefits required to be paid to Mr. Wheaton or that he is eligible to receive under any plan, program, policy or practice or contract or agreement with us.

If Mr. Wheaton's employment is terminated by him without Good Reason or by us for Cause, Mr. Wheaton is only entitled to the payment of his salary through the date of termination.

If Mr. Wheaton's employment is terminated as a result of his death or disability, he is entitled to his base salary through the date of his termination, as well as the pro-rata bonus to which he would have been entitled. However, Mr. Wheaton would receive the same payments that he receives upon a termination for Good Reason or by us without Cause in the event of his Employment-Related Death or Disability (as defined under his amended and restated agreement).

The following table shows the potential payments upon Mr. Wheaton's termination. The amounts calculated in the table assume the termination occurred on April 30, 2012 and that Mr. Wheaton was paid in a lump sum payment. The following table does not include the potential payments upon the termination of Messrs. Hewitt, Baumgartner and Vanderpool because these executive officers were not parties to employment agreements with the Company as of April 30, 2012.

	Severance Compensation		Benefits and Perquisites		Total
	Severance	Bonus	Unvested Stock Options	Welfare Benefits	
Voluntary termination without Good Reason					
Voluntary termination for Good Reason	\$ 540,800	\$ 100,000		\$ 29,430	\$
Termination by Company for Cause					
Termination by Company without Cause	\$ 540,800	\$ 100,000		\$ 29,430	\$
Employment-Related Death or Disability	\$ 540,800	\$ 100,000		\$ 29,430	
Other death		\$ 50,000			\$ 50,000
Other disability		\$ 50,000			\$ 50,000

Mr. Wheaton's employment agreement currently provides that with respect to a termination by him for Good Reason or by us without Cause after February 7, 2014, the monthly base salary component of his severance payment would be reduced to his monthly base salary multiplied by 12. His continuation of benefits would likewise be reduced to a period of one year, and the multiplier on his pro-rated bonus would be eliminated. After February 7, 2016, when Mr. Wheaton will have been employed by us for more than 5 years, his benefits upon a termination by him for Good Reason, by us without Cause or as a result of his Employment-Related Death or Disability would be on the same basis as provided for Messrs. Hewitt, Baumgartner and Vanderpool, as described above.

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**AUDIT COMMITTEE REPORT**

The Company's management is responsible for preparing financial statements in accordance with generally accepted accounting principles and the financial reporting process, including the Company's disclosure controls and procedures and internal control over financial reporting. The Company's independent registered accounting firm is responsible for auditing the Company's financial statements and expressing an opinion as to their conformity to accounting principles generally accepted in the United States (GAAP). The Audit Committee of the Board of Directors, composed solely of independent directors, meets periodically with management, including the Director of Risk Management (the Company's internal auditor) and others in the Company, and the Company's independent registered public accounting firm to review and oversee matters relating to the Company's financial statements, internal audit activities, disclosure controls and procedures, and internal control over financial reporting and non-audit services provided by the independent accountants. In addition, the Audit Committee oversaw effective compliance with the SEC's mandatory rotation requirements for certain members of the engagement team of the Company's independent registered public accounting firm during the fiscal year ended April 30, 2012, and, as discussed further below, pre-approved all audit and non-audit services and fees paid to such firm.

The Audit Committee has reviewed and discussed with management and KPMG LLP, the Company's independent registered public accounting firm, the Company's audited financial statements for the fiscal year ended April 30, 2012. The Audit Committee has also discussed with KPMG LLP the matters required to be discussed by the Statement on Auditing Standards No. 61, as amended, (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T, relating to communication with audit committees. In addition, the Audit Committee has received from KPMG LLP the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding KPMG LLP's communications with the Audit Committee concerning independence, has discussed with KPMG LLP its independence from the Company and the Company's management, oversaw effective compliance with the five-year mandatory rotation of certain members of the engagement team of KPMG LLP, and has considered whether KPMG LLP's provision of non-audit services to the Company is compatible with maintaining the auditor's independence.

Based upon the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited consolidated financial statements referred to above be included in the Company's 2012 Annual Report on Form 10-K.

The Audit Committee conducted its own self-evaluation and evaluation of the services provided by KPMG LLP during the fiscal year ended April 30, 2012. Based on its evaluation of KPMG, the Audit Committee reappointed KPMG LLP as the Company's independent registered public accounting firm for the fiscal year ended April 30, 2013.

Members of the Audit Committee:

George T. Robson, Chair

John R. Garel

Ross N. Longfield

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**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth, as of September 19, 2012, information regarding beneficial ownership of our capital stock by:

each person, or group of affiliated persons, known by us to beneficially own more than 5% of our Class A common stock or Class B common stock;

each of our directors;

each of our named executive officers; and

all of our directors and executive officers as a group.

Beneficial ownership is determined according to the rules of the SEC and generally means that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power of that security, including options that are currently exercisable or exercisable within 60 days of September 19, 2012. Except as indicated by the footnotes below, we believe, based on the information furnished to us, that the persons named in the table below have sole voting and investment power with respect to all shares of capital stock shown that they beneficially own, subject to community property laws where applicable.

Our calculation of the percentage of beneficial ownership is based on 13,132,331 of our Class A common stock (including shares issuable as a result of the conversion of exchangeable shares) and 900,000 shares of our Class B common stock outstanding as of September 19, 2012.

Class A common stock subject to stock options currently exercisable or exercisable within 60 days of September 19, 2012, are deemed to be outstanding for computing the percentage ownership of the person holding these options and the percentage ownership of any group of which the holder is a member but are not deemed outstanding for computing the percentage of any other person.

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Unless otherwise noted below, the address for each of the stockholders in the table below is c/o JTH Holding, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454.

	<b>Shares of Common Stock Beneficially Owned</b>	
	<b>Number</b>	<b>Percent</b>
<b>5% Stockholders:</b>		
Datatax Business Services Limited(1)	4,680,000	33.4%
Edison Venture Fund IV, L.P.(2)	1,443,200	10.3%
Envest Funds(3)	899,605	6.4%
<b>Named Executive Officers and Directors:</b>		
Mark F. Baumgartner(4)	285,984	2.0%
Gordon D'Angelo(5)	26,000	*
John R. Garel(3)	899,605	6.4%
Gary P. Golding(2)	1,443,200	10.3%
John T. Hewitt(6)	2,431,422	16.7%
Steven Ibbotson(1)(7)	4,857,033	34.5%
Ross N. Longfield(8)	43,000	*
Ellen M. McDowell(9)	86,387	*
George T. Robson(10)	158,200	1.1%
T. Rufe Vanderpool(11)	81,781	*
James J. Wheaton(12)	84,000	*
All executive officers and directors as a group (11 persons)(13)	10,396,612	68.6%

\*

Represents beneficial ownership of less than 1%.

(1)

Includes 1,000,000 shares of Class A common stock issuable upon the exchange of the exchangeable shares. Steven Ibbotson, one of our directors, together with his immediate family, owns a 100% interest in Datatax. As a result, pursuant to Rule 13d-3 under the Exchange Act, Mr. Ibbotson is deemed to own the 4,680,000 shares of Class A common stock held by Datatax. The address for Datatax Business Services Limited is 2109 Oxford St., London, Ontario, Canada NSY 553.

(2)

Includes 40,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012. Mr. Golding, one of our directors, is a General Partner for Edison Partners IV, L.P., the manager of Edison Venture Fund IV, L.P. and, as a result, pursuant to Rule 13d-3 under the Exchange Act, is deemed to beneficially own the 1,443,200 shares of Class A common stock held by Edison Venture Fund IV, L.P. The address for Edison Venture Fund IV, L.P. is 1009 Lenox Drive #4, Lawrenceville, New Jersey 08648.

(3)

Includes (i) 119,761 shares of Class A common stock and 16,500 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012 held by Envest II, LLC, the voting power of which is held by Envest Management II, LLC, the Manager for Envest II, LLC; and (ii) 709,844 shares of Class A common stock and 53,500 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012 held by Envest III, LLC, the voting power of which is held by Envest Management III, LLC, the Manager for Envest III, LLC. Mr. Garel, one of our directors, is a manager of both Envest Management II and Envest Management III and, as a result, pursuant to Rule 13d-3 under the Exchange Act, is deemed to beneficially own the 899,605 shares of Class A common stock held by

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Envest II and Envest III. The address for Envest II and Envest III is 2101 Parks Avenue, Suite 401, Virginia Beach, Virginia 23451.

- (4) Includes 10,083 shares of Class A common stock held in our 401(k) plan and 200,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.
- (5) Includes 10,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.
- (6) Includes 900,000 shares of Class B common stock, 138,912 shares of Class A common stock held in our 401(k) plan and 350,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.
- (7) Includes (i) 40,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012 and (ii) 8,400 shares of Class A common stock owned by 714718 Alberta, Ltd. Steven Ibbotson, one of our directors, owns a 100% interest in 714718 Alberta, Ltd. As a result, pursuant to Rule 13d-3 under the Exchange Act, Mr. Ibbotson is deemed to own the 8,400 shares of Class A common stock held by 714718 Alberta, Ltd. The address for 714718 Alberta, Ltd. is #150 3015 5th Avenue NE, Calgary, Alberta Canada, T2A6T8.
- (8) Includes 40,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.
- (9) Includes 20,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012 and 15,000 shares held in a trust of which she is the trustee.
- (10) Includes 40,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.
- (11) Includes 78,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.
- (12) Includes 80,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.
- (13) Includes 900,000 shares of Class B common stock, 148,995 shares of Class A common stock held in our 401(k) plan and 968,000 shares of Class A common stock issuable pursuant to stock options exercisable within 60 days of September 19, 2012.

### **PRINCIPAL ACCOUNTING FEES AND SERVICES**

The following table presents fees for professional services rendered by KPMG LLP for the audit of our annual financial statements for the fiscal years ended April 30, 2012 and 2011, and fees billed for other services rendered by KPMG LLP for those years. Fees disclosed below include fees actually billed and expected to be billed for services relating to the applicable fiscal year.

<b>Fiscal Year</b>	<b>2012</b>	<b>2011</b>
Audit fees	587,580	249,855
Tax fees	162,654	14,520
All other fees	1,650	
<b>Total fees</b>	<b>751,884</b>	<b>264,375</b>

Audit fees consist of fees for professional services rendered for the audit of the Company's financial statements and review of financial statements included in our quarterly reports and services

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typically provided by the independent auditor in connection with statutory and regulatory filings or engagements. In addition, audit fees for fiscal 2012 include \$285,780 in fees incurred in connection with our planned initial public offering and registration statements filings.

Tax fees consist of fees for services related to tax compliance, tax planning, tax consultation and tax advice. The amounts included in the table above consist of fees incurred relating to tax credit studies and other tax advisory services.

The Audit Committee has adopted policies and procedures for pre-approving audit and non-audit services performed by the independent auditor so that the provision of such services does not impair the auditor's independence. Under the Audit Committee's pre-approval policy, the terms and fees of all engagements require specific Audit Committee approval.

In determining whether to pre-approve audit or non-audit services, the Audit Committee considers whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee also considers whether the independent auditor is best positioned to provide the most effective and efficient service and whether the service might enhance our ability to manage or control risk or improve audit quality. These factors are considered as a whole and no one factor is necessarily determinative. The Audit Committee considers the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services. The Audit Committee may determine for each fiscal year the appropriate ratio between fees for audit services and fees for audit-related services, tax services and all other services.

The Audit Committee may delegate pre-approval authority to one or more of its members. The member or members to whom such authority is delegated are required to report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

The Audit Committee has concluded that the provision of non-audit services provided to the Company by its independent accountant during the 2012 fiscal year was compatible with maintaining the independent accountant's independence.

**PROPOSAL 2**  
**RATIFICATION OF THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Board's Audit Committee has appointed KPMG LLP ("KPMG") to serve as our independent registered public accounting firm for the fiscal year ending April 30, 2013. KPMG has served as our independent auditor since the year ended April 30, 2002. Although ratification is not required under our Bylaws or otherwise, as a matter of good corporate governance, the Audit Committee submits its selection of KPMG to our shareholders for ratification, and will consider the vote of our shareholders when appointing our independent registered accounting firm in the future. Even if this selection is ratified, the Audit Committee in its discretion may, subject to the approval of the Board of Directors, select a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and our shareholders.

No Director or executive officer of the Company has any substantial interest in the appointment of KPMG as the Company's independent registered public accounting firm.

A representative of KPMG is expected to attend the annual meeting to respond to questions.

The Board unanimously recommends a vote "FOR" the ratification of KPMG to serve as our independent registered public accounting firm.

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**CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Other than compensation arrangements, we describe below transactions and series of similar transactions, during our last three fiscal years, to which we were a party or will be a party, in which:

the amounts involved exceeded or will exceed \$120,000; and

any of our directors, executive officers or holders of more than 5% of our common stock, or any member of the immediate family of the foregoing persons, had or will have a direct or indirect material interest. Compensation arrangements for our directors and named executive officers are described in other sections of this proxy statement.

***Loan to John T. Hewitt***

We entered into loan agreements with John T. Hewitt, our Chairman and Chief Executive Officer, on September 11, 2009 and November 2, 2010. The loans bore interest at a rate of 4.25% per annum and had maturities of \$750,000 on September 11, 2014 and \$250,000 on November 2, 2011. As of April 30, 2011, the outstanding principal amount of the loans was \$950,000, which was the largest outstanding principal amount at any time during the last three fiscal years. The balance of \$950,000, including accrued but unpaid interest, was repaid in full by Mr. Hewitt on September 2, 2011.

***Stock issuances and repurchases***

In the fiscal year ended April 30, 2012, we repurchased an aggregate of 50,820 shares of our Class A common stock from certain of our directors, executive officers and holders of more than 5% of our Class A common stock for an aggregate repurchase price of approximately \$762,000.

During fiscal 2012, we repurchased shares of our Class A common stock from the following persons in the following amounts: Mark Baumgartner (\$327,300), John T. Hewitt (\$240,000) and Ross N. Longfield (\$195,000). The repurchases from Mr. Baumgartner took place during the fiscal quarter ended April 30, 2012. All repurchases conducted during fiscal 2012 were effected at a repurchase price of \$15.00 per share.

We believe that all of the repurchases conducted during the fiscal year ended April 30, 2012 were effected at the fair value of the repurchased shares. All of the repurchases from directors, executive officers and holders of more than 5% of our Class A common stock, as well as the repurchase of our Class A convertible preferred stock, during those periods were made at a price of \$15.00 per share of common stock (or its equivalent). During this period, all stock options issued by the Company were likewise granted with an exercise price based on a fair value of \$15.00 per share, and the significant transaction in which Envest III, LLC acquired shares from Edison Venture Fund IV, L.P. in February 2011 was likewise effected at a price of \$15.00 per share of Class A common stock.

***Policy for review of related party transactions***

We have adopted a policy that our executive officers, directors, nominees for election as a director, beneficial owners of more than 5% of any class of our common stock and any members of the immediate family of any of the foregoing persons are not permitted to enter into a related person transaction with us without the prior consent of our Audit Committee. Any request for us to enter into a transaction with an executive officer, director, nominee for election as a director, beneficial owner of more than 5% of any class of our common stock or any member of the immediate family of any of the foregoing persons, in which the amount involved exceeds \$120,000 and such person would have a direct or indirect interest must first be presented to our Audit Committee for review, consideration and approval. In approving or rejecting any such proposal, our Audit Committee is to consider the material facts of the transaction, including, but not limited to, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar

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circumstances and the extent of the related person's interest in the transaction. All of the transactions described above were entered into after presentation, consideration and approval by our Board of Directors.

**SUBMISSION OF STOCKHOLDER PROPOSALS**

A stockholder proposal may be considered for inclusion in the Company's proxy materials for the 2013 annual meeting pursuant to Rule 14a-8 of the Exchange Act. As the rules of the SEC make clear, simply submitting a proposal does not guarantee its inclusion. Stockholders who wish to present proposal for inclusion in the Company's proxy statement pursuant to SEC Rule 14a-8 must submit their proposals so that they are received at JTH Holding, Inc.'s principal executive offices at 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454, Attention: Corporate Secretary, no later than the close of business on May 31, 2013. Applicable SEC rules and regulations govern the submission of shareholder proposals and our consideration of them for inclusion in next year's proxy statement and form of proxy.

Pursuant to the Company's Bylaws, for any business not included in the proxy statement for the 2013 annual meeting to be brought before the meeting by a shareholder, the shareholder must give timely written notice of that business to the Corporate Secretary. To be timely, the notice must be received no later than the ninetieth day, nor earlier than the close of business on the one hundred twentieth day, prior to the first anniversary of the preceding year's annual meeting. For the 2013 Annual Meeting, these dates will be August 19, 2013 and July 19, 2013, respectively. The notice must contain the information required by the Company's Bylaws. Similarly, a shareholder wishing to submit a director nomination directly at an annual meeting of shareholders must deliver written notice of the nomination within the same time period described in this paragraph and comply with the information requirements in our Bylaws relating to shareholder nominations.

A proxy may confer discretionary authority to vote on any matter at a meeting if we do not receive notice of the matter within the time frames described above. A copy of the Company's Bylaws is available on our website at [www.libertytax.com](http://www.libertytax.com) under the "Investor Relations" link, by clicking on the "About Liberty Tax" tab, or upon request to JTH Holding, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454, Attention: Corporate Secretary. The Chair of the meeting may exclude matters that are not properly presented in accordance with the foregoing requirements.

The Board of Directors knows of no other matters that will be presented at the meeting, but if other matters do properly come before the meeting, it is intended that the persons named in the proxy will vote according to their best judgment.

By Order of the Board of Directors,

JAMES J. WHEATON  
*General Counsel and Vice President,  
Legal and Governmental Affairs*













