

# **Charter of the Compensation Committee of the Board of Directors of JTH Holding, Inc.**

## **Responsibilities**

The Compensation Committee (the “Committee”) of JTH Holding, Inc (the “Company”) is responsible for evaluating and approving compensation plans, policies and programs of the Company applicable primarily to executive officers of the Company and for taking certain other actions with respect thereto. See “Exhibit A”.

## **Authority**

The Committee will have the resources and authority necessary to discharge its duties and responsibilities. To the extent necessary to discharge its duties and responsibilities, the Committee has the authority to retain and terminate outside counsel, compensation consultants, or other experts, as it deems appropriate. The Committee has the authority to approve the fees and other retention terms for such consultants and experts. Any communications between the Committee and legal counsel in the course of obtaining legal advice will be considered privileged communications of the Company and the Committee will take all necessary steps to preserve the privileged nature of those communications

## **Delegation to Subcommittee**

The Committee may delegate any or all of its authority under this Charter to one or more subcommittees of the Committee consisting of members of the Committee. The Committee may delegate to the Company's Chief Executive Officer or any other executive officer the authority to grant equity awards to employees of the Company who are not directors or executive officers the Company, on such terms and subject to such limitations as the Committee may determine in compliance with Delaware corporate law. Any executive officer to whom the Committee grants such authority shall regularly report equity grants to the Committee. The Committee may disband any subcommittee and may revoke any delegation of authority at any time.

## **Committee Membership**

The Committee shall consist solely of three or more members of the Board, each of whom meets the independence requirements of NASDAQ and the Board Charter and Corporate Governance Guidelines.

The initial members of the Committee shall be appointed by the Board. Candidates to fill subsequent vacancies on the Committee shall be nominated by the Nominating and Corporate Governance Committee and appointed by the Board. Members shall serve at the pleasure of the Board and for such term or terms as the Board may determine.

## **Meetings**

The Board shall designate one member of the Committee as its chairperson. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue. The Committee will meet no less than three times a year and may call such additional meetings as the Committee or its chair deems advisable. The Committee will meet periodically in executive session without Company management present. The Committee will keep adequate minutes of its proceedings, and will report on its actions and activities at the immediately following meeting of the Board. The Committee shall be governed by the same rules regarding meetings (including meetings by conference telephone or similar communications equipment), action without meetings, notice, waiver of notice, and quorum and voting requirements as are applicable to the Board. The Committee is authorized to adopt its own rules of procedure not inconsistent with (a) any provision of this Charter, (b) any provision of the Certificate of Incorporation or the Bylaws of the Company, or (c) the laws of the state of Delaware.

## **Exhibit A**

1. Review the structure and competitiveness of the Company's executive officer compensation programs considering the following factors: (a) the attraction and retention of executive officers; (b) the motivation of executive officers to achieve the Company's business objectives; and (c) the alignment of the interests of executive officers with the long-term interests of the Company's shareholders.
2. Monitor and evaluate matters relating to the compensation and benefits structure of the Company as the Committee deems appropriate.
3. Oversee an annual evaluation of the performance of the Company's executive officers and review and approve annually, total compensation, including salary, bonus, incentive and equity compensation, if any, for the Chief Executive Officer and the other executive officers. Review and approve total compensation packages for new executive officers. Annually, and as appropriate, review and approve policies regarding executive officer compensation.
4. Annually, and as appropriate, review and approve the following as they affect the Chief Executive Officer and other executive officers: any employment agreements and severance agreements, any change-in-control agreements and change-in-control provisions affecting any elements of compensation and benefits.
5. Assist the Board in establishing Chief Executive Officer annual goals and objectives and evaluate the Chief Executive Officer's performance in light of those goals and objectives. The results of the annual Chief Executive Officer evaluation will be considered in recommending Chief Executive Officer salary and other compensation.
6. Annually, and as appropriate, review and approve any special or supplemental compensation and benefits for the Chief Executive Officer and the other executive officers and persons who formerly served in such positions, including supplemental retirement benefits and the perquisites provided to them during and after employment.
7. Annually, and as appropriate, review and discuss with the Board plans for executive officer development and corporate succession plans for the Chief Executive Officer and other executive officers.
8. Serve as the "Committee" designated committee established to administer the Company's equity-based and employee benefit plans, and perform the duties of the Committee designated committee under those plans, including making stock option grants, if any such stock option grants are to be effectuated.
9. Make changes to the Company's equity-based and employee benefit plans within the

scope of the Committee's authority to amend such plans, report to the Board regarding such changes as appropriate and recommend additions or deletions to current executive compensation plans to the extent appropriate for Board action

10. Periodically review, at a high level, the compensation paid to non-employee directors and make recommendations to the Board for any adjustments. No member of the Committee will act to fix his or her own compensation except for uniform compensation to directors for service as a director.
11. Review and discuss with management the Company's Compensation Discussion and Analysis ("CD&A") for the annual proxy statement; based on the review and discussion, recommend to the Board that the CD&A be included in the Company's annual report or annual proxy statement; and produce an annual report of the Compensation Committee on executive compensation for the Company's annual proxy statement in compliance with and to the extent required by applicable Securities and Exchange Commission rules and regulations and relevant/or by the exchange or other listing authority upon which the Company's securities are listed or quoted.
12. Oversee Company compliance with the requirements of NASDAQ rules with respect to stockholder approval of equity compensation plans
13. Oversee Company compliance with the requirements of the Sarbanes-Oxley Act of 2002 relating to 401(k) plans and loans to directors and corporate officers as well as with all other applicable laws affecting employee compensation.
14. Regularly review and make recommendations about changes to the charter of the Committee.
15. Obtain or perform an annual evaluation of the Committee's performance and make applicable recommendations.
16. The Committee shall have the authority to retain or obtain the advice of any compensation consultants, outside legal counsel or other advisers ("external advisers") as the Committee determines appropriate in its sole discretion. The Committee shall be directly responsible for the appointment, compensation and oversight of the work of any such external advisers that it retains, and the Company shall provide appropriate funding and other resources for such advisers. The Committee shall have the sole authority to terminate any external adviser and shall have sole authority to approve the external advisers' fees and other retention terms. The Committee shall also have authority to obtain advice and assistance from internal legal, accounting or other internal advisers. The Committee shall receive appropriate funding from the Company, as determined by the Committee in its capacity as a committee of the Board, for the payment of compensation to its external advisers.

With respect to any such external advisers, the Committee will assess annually any

potential conflicts of interest raised by the work of the external advisers retained by the Committee who are involved in determining or recommending executive compensation (other than any adviser whose role is limited to advising on any broad-based plan that does not discriminate in favor of the Company's executive officers or directors and that is available generally to all salaried employees, or providing information that either is not customized for the Company or that is customized based on parameters that are not developed by the compensation adviser).

The assessment will include the following factors: (1) other services provided to the Company by the firm employing the external adviser; (2) fees paid by the Company to the firm employing the external adviser as a percentage of the firm's total revenue; (3) policies or procedures maintained by the firm employing the external adviser that are designed to prevent a conflict of interest; (4) any business or personal relationships between the external adviser and a member of the Compensation Committee; (5) any Company stock owned by the external adviser; and (6) any business or personal relationships between the Company's executive officers and the external adviser.