Liberty Tax, Inc.
Form DEF 14A
April 27, 2018

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 (Amendment No.)

Filed by the Registrant ý
Filed by a Party other than the Registrant o
Check the appropriate box:
o Preliminary Proxy Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
ý Definitive Proxy Statement
o Definitive Additional Materials
o Soliciting Material under §240.14a-12
Liberty Tax, Inc.
(Name of Registrant as Specified In Its Charter)

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o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
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(3) Filing Party:
(4) Date Filed:

Liberty Tax, Inc.
1716 Corporate Landing Parkway
Virginia Beach, Virginia 23454

April 30, 2018

Dear Fellow Stockholder:

You are cordially invited to attend Liberty Tax, Inc.'s Special Meeting of Stockholders ("Special Meeting"), which will be held on Tuesday, May 29, 2018 at 10:00 a.m., Eastern Daylight Time, at the Company's corporate headquarters located at 1732 Corporate Landing Parkway, Virginia Beach, Virginia 23454. Details regarding admission to the meeting and the business to be conducted are described in this proxy statement.

The attached proxy statement, with the accompanying notice of the meeting, describes the matters expected to be acted upon at the meeting. We urge you to review these materials carefully and to take part in the affairs of our Company by voting on the matters described in the accompanying proxy statement. We hope that you will be able to attend the meeting. Our directors and management team will be available to answer questions. Afterwards, there will be a vote on the matters set forth in the accompanying proxy statement.

The Company's Board of Directors welcomes and appreciates the interest of all our stockholders in Liberty Tax, Inc.'s affairs, and encourages those entitled to vote at the Special Meeting to take the time to do so. We hope you will attend the Special Meeting, but whether or not you expect to be personally present, please vote your shares by signing, dating and promptly returning the enclosed proxy card in the accompanying postage-paid envelope. We look forward to your attendance at the meeting and the opportunity to review our developments over the past months and to share with you our plans for the future.

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

Sincerely,

John T. Hewitt
Chairman of the Board of Directors
Liberty Tax, Inc.

LIBERTY TAX, INC.
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
TO BE HELD MAY 29, 2018

A Special Meeting of stockholders of Liberty Tax, Inc. (the "Company"), will be held at the Company's corporate headquarters located at 1732 Corporate Landing Parkway, Virginia Beach, Virginia 23454, on Tuesday, May 29, 2018, at 10:00 a.m., Eastern Daylight Time (the "Special Meeting").

The Special Meeting will be held for the following purposes:

1. Election of four (4) Directors to the Board of Directors, each to serve until the 2018 annual meeting and until their successors are duly elected and qualified; and
2. Ratification of the appointment of Carr, Riggs & Ingram, LLC as the Company's independent registered public accounting firm for the fiscal year ending April 30, 2018; and
3. Any other business that properly comes before the meeting and any adjournment or postponement 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 April 23, 2018 as the record date for determining stockholders of the Company entitled to receive notice of and vote at the Special Meeting, or at any adjournment or postponement thereof.

Stockholders of record of the Company's Class A Common Stock as of the close of business on April 23, 2018 are entitled to receive notice of, and to vote at, the Special 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 Special Meeting. In addition, the stockholder of record of the Company's Class B Common Stock is entitled to receive notice of, and to vote at, the Special Meeting on all matters other than the election of directors. A proxy statement describing the various matters to be voted upon at the meeting along with a proxy card enabling the shareholders to indicate their vote on each matter will be mailed on or about April 30, 2018, to all shareholders entitled to vote at the Special Meeting. Such proxy statement shall also be filed with the U.S. Securities and Exchange Commission (“SEC”) website at www.sec.gov. and will be available online at the Company’s website www.libertytax.com.

By Order of the Board of Directors,

Nicole Ossenfort
President and Chief Executive Officer

Virginia Beach, Virginia
April 30, 2018

Important Notice Regarding the Availability of Proxy Materials for the Special Meeting of Stockholders to be held on May 29, 2018
This Notice and Proxy Statement are available electronically at www.libertytax.com

PROXY STATEMENT

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING OF STOCKHOLDERS
PROXY STATEMENT

This proxy statement ("Proxy Statement") is furnished in connection with the solicitation of proxies by the Board of Directors (the "Board") of Liberty Tax, Inc., a Delaware corporation (the "Company") in connection with the Special Meeting of Stockholders scheduled for May 29, 2018, at 10:00 a.m., Eastern Daylight Time at the Company's corporate headquarters located at 1732 Corporate Landing Parkway, Virginia Beach, Virginia 23454 (the "Special Meeting"). References to the Special Meeting and this Proxy Statement include any adjournment or postponement of the Special Meeting. The proxy materials will be mailed to stockholders on or about April 30, 2018.

VOTING INSTRUCTIONS AND INFORMATION

What proposals will be voted on at the Special Meeting?

At the Special Meeting, stockholders will be asked to consider and vote upon:

1. A proposal to elect four (4) directors to serve on our Board of Directors, each to serve until the 2018 annual meeting and until their successors are duly elected and qualified (Proposal 1); and

2. Ratification of the appointment of Carr, Riggs & Ingram, LLC (“CRI”) as our independent registered public accounting firm for the fiscal year ending April 30, 2018 (Proposal 2); and

3. Any other matters that may properly be brought before the Special Meeting or at any adjournments or postponements thereof.

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.

Who is entitled to vote at the Special Meeting?

Class A Common Stock. Each holder of the Company's Class A Common Stock issued and outstanding at the close of business on April 23, 2018 ("Record Date") will be entitled to receive a notice of the Special Meeting, and to attend and vote at the Special Meeting. These persons are considered stockholders of record on the Record Date and will be entitled to cast one vote per share owned for each proposal to be considered at the Special Meeting. As of the Record Date, there were 12,823,020 shares of Class A Common Stock issued and outstanding.

Special Voting Preferred Stock. The holder of our Special Voting Preferred Stock will be entitled to receive notice of and to attend the Special 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 Special Meeting.

Class B Common Stock: The holder of the 200,000 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 Special Meeting, and to attend and vote at the Special 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. Because the size of the Board will be reduced from eleven directors to nine directors immediately following the election of directors at the Special Meeting 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 will be entitled to elect five directors. The holders of the Class A Common Stock and Special Voting Preferred Stock are entitled to elect the balance of the Board, or four directors, as more fully described in this Proxy Statement.

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).

2. "FOR" the ratification of the appointment of CRI as our independent registered public accounting firm for the fiscal year ending April 30, 2018 (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, 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 Special Meeting and a proxy card.

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

You may vote by mail, by signing, dating and returning the accompanying proxy card that was sent to you with the proxy materials or you may also vote in person by written ballot at the Special Meeting.

How do I vote by mail?

If you do not expect to attend the Special 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 to Equiniti Group plc at the address indicated on the proxy card, 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 Special 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 in person at the Special Meeting.

What does it mean if I receive more than one set of proxy materials for the Special 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 set of the proxy materials 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 proxy materials. This is known as householding.

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

How may I view the voting results?

The results of voting at the Special Meeting will be filed with the SEC within four business days after the Special Meeting and will be available on the SEC's website (www.sec.gov) or on our website (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 Special Meeting?

If you plan to attend the Special Meeting and wish to vote your shares in person, you will be asked to present a valid government-issued photo identification, such as a driver's license. If you are a stockholder of record, you will need to bring with you your proxy card to gain admission to the Special 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.

If your shares are held by a broker, bank or other similar organization, bring with you to the Special 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 Special Meeting. If you intend to vote at the Special Meeting, you will also need to bring to the Special 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 Special 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 Special Meeting. You can also attend the Special Meeting and vote in person. Your attendance at the Special 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 Special 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.

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 Class B Common Stock and 1,000,000 votes represented by the Special Voting Preferred Stock entitled to be voted as a single class with the Class A Common Stock), who are represented in person or by proxy, will constitute a quorum at the Special Meeting. A quorum is required to transact business at the Special Meeting. A representative of Equiniti Group plc has been appointed by the Company's Board of Directors to act as the inspector of elections. The inspector of elections will tabulate the votes cast by proxy or in person at the Special Meeting, and will determine whether or not a quorum is present. If a quorum is not present, the Special Meeting will likely be adjourned or postponed in order to solicit additional proxies.

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 addition, the holder of the 200,000 shares of Class B Common Stock will be entitled to one vote for each share on all matters other than the election of directors. 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 CRI as the Company's independent registered public accounting firm for the fiscal year ending April 30, 2018 requires the affirmative vote of a majority of the voting power of the shares present or represented by proxy and entitled to vote 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 CRI as the Company's independent registered public accounting firm for fiscal 2018; 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 CRI as the Company's independent registered public accounting firm is considered a routine matter. Therefore, an organization that holds your shares may 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 proxy card. As a holder of common stock of the Company, you are always invited to attend the Special 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 Special 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. The Company's filings with the SEC are available free of charge via the "About Us" link at this website (click on the "Investor Relations" heading), and may also be found at the SEC's website at www.sec.gov.

PROPOSAL 1—ELECTION OF DIRECTORS

Our Certificate of Incorporation 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.

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 T. Hewitt, the Company's Chairman of the Board, currently owns all outstanding shares of the Company's Class B Common Stock.

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.

The present size of the Board is eleven directors. As a result, Mr. Hewitt is currently entitled to elect six directors, and the holders of the Class A Common Stock and Special Voting Preferred Stock are entitled to elect the remaining five directors. Mr. Hewitt has elected the following six directors to serve until the 2018 annual meeting of stockholders and until their successors are duly elected and qualified: Gordon D'Angelo, Thomas Herskovits, John T. Hewitt, Ellen M. McDowell, John Seal and G. William Minner, Jr. Of the five directors that the Class A Common Stock and Special Voting Preferred Stock are entitled to elect, there are currently four vacancies and one director, Ross N. Longfield, who has tendered his resignation as a director effective upon the election of directors at the Special Meeting.

On April 16, 2018, the Board approved a reduction in the size of the Board from eleven to nine directors effective immediately following the election of directors at the Special Meeting. As a result, Mr. Hewitt will be entitled to elect five directors, and the holders of the Class A Common Stock and Special Voting Preferred Stock will be entitled to elect the remaining four directors. Mr. Hewitt has indicated that Gordon D'Angelo, John T. Hewitt, Ellen M. McDowell and John Seal will continue as directors appointed by Mr. Hewitt after the Special Meeting and that Nicole Ossenfort, the Company’s President and Chief Executive Officer, will be elected as a director by Mr. Hewitt following the Special Meeting. The Board has nominated Thomas Herskovits, G. William Minner, Jr., Lawrence Miller and Patrick Cozza (the “Director Nominees”) as directors to be elected by the holders of the Class A Common Stock and Special Voting Preferred Stock at the Special Meeting. Upon their election as directors by the holders of the Class A Common Stock and Special Voting Preferred Stock, Messrs. Herskovits and Minner would resign as Class B directors appointed by Mr. Hewitt.

The Board has determined that each of the Director Nominees is "independent" under the applicable rules and regulations of the SEC and NASDAQ, and is eligible to serve on the audit, compensation and nominating committees of the Board.

The Company’s Bylaws include an advance notice procedure for business to be brought before a meeting of stockholders, including proposed nominations of persons for election to the Board of Directors at a special meeting of stockholders. The four nominees for the Board of Directors being recommended for election at the Special 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 Director Nominees, if elected, will hold office until the next annual meeting of stockholders or until his or her successor is duly elected and qualified. 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.

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

QUALIFICATIONS AND EXPERIENCE OF DIRECTORS, CLASS A DIRECTOR NOMINEES AND CLASS B STOCKHOLDER DESIGNEES

Class A Director

Ross N. Longfield. Mr. Longfield, age 77, has served as a Director of the Company 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 refund anticipation loan 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.

Class A Director Nominees for Election at Special Meeting

Patrick A. Cozza. Mr. Cozza, age 62, is senior strategic advisor and managing partner of Cozza Enterprises, LLC, a firm that provides strategic consultation and executive coaching services, a position he has held since January 2014. Mr. Cozza also serves as an Adjunct Professor - Finance, Accounting, Tax, Wealth Management and International Business at Silberman College of Business, Fairleigh Dickinson University. Mr. Cozza was formerly Chairman and Chief Executive Officer of HSBC Insurance North America, which operated four insurance companies with operations in the United States, Canada, India and the United Kingdom, from January 2004 to December 2014. Concurrently, Mr. Cozza served as Senior Executive Vice President, Retail Banking and Wealth Management - North America for HSBC from January 2011 to December 2014, and previously served as Group Executive, Taxpayer Financial Services, and North America and Mexico Insurance for HSBC from January 2002 to December 2004. HSBC Holdings plc is one of the world's largest banking and financial services organizations. Mr. Cozza was also Chief Executive Officer of Taxpayer Financial Services from 2000 to 2002 and Director of Insurance Integration for Household International from 1998 to 2000 and held a variety of senior leadership positions, including Chief Financial Officer, Chief Operating Officer and President of the Beneficial Insurance Group of Beneficial Corporation from 1985 to 1998. Mr. Cozza serves on the Boards of Directors of Scottish Re Life Insurance Company, Ocoee Insurance Company, the National Association of Corporate Directors New Jersey Chapter, Junior Achievement of New Jersey and the Silberman College of Business at Fairleigh Dickinson University. Mr. Cozza will provide substantial management, leadership and strategic business experience and expertise to the Board of Directors.

Thomas Herskovits. Mr. Herskovits, age 71, served as a Director of the Company from October 2015 until November 2017 and was reappointed by John T. Hewitt to serve as a Director in March 2018. Since 2014, Mr. Herskovits has been managing director and operating partner of Feldman Advisors, a middle market investment banking firm based in Chicago, and since 1996, he has managed private investments through Herskovits Enterprises. From 2013 through February 2014, he was CEO of WinView, Inc., a technology company. He served on the Board of Directors of that privately-held company from 2012 to 2015. He previously served as non-operating Chairman of the Board of Directors of Natural Golf Corporation, a golf equipment and instruction company, as President & CEO of Specialty Foods, and as President of Kraft Dairy and Frozen Products. Mr. Herskovits’ management, finance and consumer products backgrounds provide substantial additional expertise to the Board. Mr. Herskovits qualifies as an audit committee financial expert under SEC rules.

Lawrence Miller. Mr. Miller, age 69, is the founder and Vice Chairman of the Board of Directors of StoneMor Partners L.P., an owner and operator of cemeteries and funeral homes in the United States. From April 2004 to May 2017, Mr. Miller was Chairman of the Board, President and Chief Executive Officer of StoneMor Partners L.P. He also served as the Chief Executive Officer and President of Cornerstone Family Services from March 1999 through April 2004. Prior to joining Cornerstone, Mr. Miller was employed by The Loewen Group, Inc. (now known as the Alderwoods Group, Inc.), where he served in various management positions, including Executive Vice President of Operations from January 1997 until June 1998, and President of the Cemetery Division from March of 1995 until December 1996. Prior to joining The Loewen Group, Mr. Miller served as President and Chief Executive Officer of Osiris Holding Corporation, a private consolidator of cemeteries and funeral homes of which Mr. Miller was a one-third owner, from November 1987 until March 1995, when Osiris was sold to The Loewen Group. Mr. Miller served as President and Chief Operating Officer of Morlan International, Inc., one of the first publicly traded cemetery and funeral home consolidators from 1982 until 1987, when Morlan was sold to Service Corporation International.

Mr. Miller will bring to the Board of Directors extensive operating and managerial expertise, excellent leadership skills and significant experience in advancing growth strategies, including acquisitions and strategic alliances.

G. William Minner, Jr. Mr. Minner, age 64, has served as a Director of the Company since February 2018. Since 1996, Mr. Minner has served as a contract Chief Financial Officer and consultant with responsibilities for finance and administration to over 25 companies. From June 1991 to December 1995, Mr. Minner served as Chairman, President and Chief Executive Officer of Suburban Federal Savings Bank in Collingdale, Pennsylvania. From December 1988 to May 1991, Mr. Minner served in various positions with Atlantic Financial Savings, F.A., including Senior Vice President - Credit and First Vice President - Loan Workout. Previously, Mr. Minner served as Audit Manager and Controller for the mortgage subsidiary of Magnet Bank, FSB from July 1984 to December 1988. Mr. Minner is a Certified Public Accountant. Mr. Minner has substantial experience in the financial services industry, including banking, lending, risk management, treasury management, financial analysis, SEC reporting, taxation, accounting and commercial real estate development.

Class B Stockholder Designees Following Special Meeting

Gordon D'Angelo. Mr. D'Angelo, age 64, has served as a Director of the Company since June 2011. Mr. D'Angelo is the co-founder of and until December 2014 was the 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 250 offices in 48 states. Mr. D'Angelo was employed by the Company from April 2015 to August 2017, assisting with both franchise development and marketing. Mr. D'Angelo also was the head of our Compliance Task Force. 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 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.

John T. Hewitt. Mr. Hewitt, age 68, has served as our Chairman of the Board of Directors 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 having served previously as our 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, age 58, has served as a Director of the Company since June 2010. From January 1998 until the present, Ms. McDowell has also served as an attorney and shareholder at McDowell Law P.C. and McDowell, Posternock, Apell & Detrick, P.C., in Maple Shade, New Jersey. Ms. McDowell is the sister of John Hewitt, our Chairman of the Board. Her experience as an attorney provides an important legal perspective for our Board as it considers various operating and business strategies.

Nicole Ossenfort. Ms. Ossenfort, age 47, has served as the President and Chief Executive Officer of the Company since February 2018. Ms. Ossenfort previously served as a Director of the Company from November 2017 to February 2018 and as Vice President of the Company's 360 Accounting Solutions business from April 2017 to October 2017. Ms. Ossenfort has been a franchisee of Liberty Tax Service since 2002 with offices in South Dakota and Wyoming as well as an Area Developer from 2004 to September 2017. Ms. Ossenfort was employed in public accounting as an auditor at McGladrey & Pullen from 1994 to 1996.

John Seal. Mr. Seal, age 67, has served as a Director of the Company since November 2017. Mr. Seal has also served as a Liberty Tax Area Developer for the south part of Houston, Texas since 2012 and as President, Secretary and Director of JMS Tax Inc. (“JMS Tax”), which provides accounting and payroll services in the Hampton Roads, Virginia area, since 2000. Previously, he was a Liberty Tax franchisee in Hampton Roads, Virginia and Las Vegas, Nevada since 2000 and served as Vice President, Finance of Liberty Tax Service since 1997, where he assisted in the purchase of U&R Tax Depot (Liberty Tax Canada) and development of Liberty Tax Service in the U.S. He joined the franchise tax preparation industry 28 years ago as a franchisee with Jackson Hewitt Tax Service and, after four tax seasons, joined Jackson Hewitt Corporation as Director of Field Operations in 1993. Prior to joining Jackson Hewitt, Mr. Seal spent eight years in operating-division financial management and corporate acquisitions with General Foods Corp., a Fortune 50 food manufacturer prior to its acquisition by Philip Morris in 1985 and Kraft Foods in 1990.

COMMITTEES OF THE BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Our Board of Directors currently has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Risk 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	Risk Committee
Gordon D'Angelo				
John Seal				
Thomas Herskovits	X	X(1)	X(1)	
John T. Hewitt				
Ross N. Longfield	X	X	X	X(1)
Ellen M. McDowell				X
G. William Minner, Jr.	X(1)	X	X	

(1) Chairperson of Committee

Audit Committee

Our Audit Committee, which met nine times during the fiscal year ended April 30, 2017 ("fiscal 2017"), 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 and oversees risk management related to financial matters; 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 Messrs. Longfield and Herskovits 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 at www.libertytax.com or upon written request to the Corporate Secretary, Liberty Tax, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454.

Compensation Committee

Our Compensation Committee, which met seven times during fiscal 2017, 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 at www.libertytax.com or upon written request to the Corporate Secretary, Liberty Tax, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee, which met three times during fiscal 2017, 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. The Nominating and Corporate Governance Committee is also responsible for considering candidates nominated by stockholders for election to the Board, evaluating the proposed candidates and making recommendations regarding the candidates to the Board. 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.

In evaluating candidates for election to the Board, the Nominating and Corporate Governance Committee takes into account the qualifications of the individual candidate as well as the composition of the Board as a whole. In nominating candidates, the Committee takes into consideration the qualifications for directors included in the Board Charter and Corporate Governance Guidelines and such other factors as it deems appropriate. These factors may include judgment, skill, diversity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, and the extent to which the candidate would be a desirable addition to the Board and any committees of the Board. Pursuant to its Charter, the Nominating and Corporate Governance Committee has the authority to retain consultants or search firms to identify director candidates.

In December 2017, the Nominating and Corporate Governance Committee retained the services of the National Association of Corporate Directors (NACD), a nonprofit membership organization for corporate board members, to assist in identifying director candidates for consideration by the Committee. The NACD identified several potential candidates that were considered by the Nominating and Corporate Governance Committee, including Patrick A. Cozza, who was selected by the Committee and the Board as a Director Nominee for election at the Special Meeting. Messrs. Herskovits, Miller and Minner, the other three Director Nominees, were recommended by members of the Board. Upon recommendation of the Nominating and Corporate Governance Committee, the Board approved the four Director Nominees for election at the Special Meeting.

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 at www.libertytax.com or upon written request to the Corporate Secretary, Liberty Tax, Inc., 1716 Corporate Landing Parkway, Virginia Beach, Virginia 23454.

Risk Committee

Our Risk Committee was created and became effective May 1, 2017. The Risk Committee is responsible for, among other things, risk governance structure, risk management, and review of operational risk assessment guidelines and policies. In addition, our Risk Committee oversees the performance of the internal compliance department, evaluates and reports on the adequacy of our system of internal controls and processes governing all aspects of compliance operations. Our Risk Committee is also responsible for assisting the Board of Directors in its oversight and review of information regarding our risk management approach.

Meeting Attendance

During our fiscal year ended April 30, 2017, our Board of Directors held eight 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 beneficial owners of more than 10% of our Class A 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% beneficial owners are required by SEC regulations to furnish us with copies of all Section 16(a) reports they file.

There were no late filings of Section 16(a) reports during fiscal year 2017 by our executive officers and directors who served during fiscal year 2017.

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, and a majority of the then serving directors attended the 2017 Annual Meeting.

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, Liberty Tax, 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.

Code of Conduct

All directors, officers and employees of the Company must adhere to the ethical standards as set forth in the Liberty Tax, Inc. Code of Conduct (the "Code of Conduct"). The fundamental principles outlined in the Code of Conduct serve as a guide for matters, including but not limited to, adhering to ethical standards in day to day activities, engaging in fair dealings and best business practices, complying with state, federal and foreign laws, identifying conflicts of interest, ensuring financial integrity and reporting violations of the Code of Conduct. There are many resources in which potential violations of the Code of Conduct may be reported as well as related concerns or to seek guidance on ethical matters through in-person, email and telephone communications. The Company has established a Code of Conduct Hotline and reports of possible violation can be made to the Human Resources Department, the Compliance Department through the Hotline at 877-472-2110 or by email at www.lighthouse-services.com/libtax.

The Code of Conduct is available upon written request 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.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

John Garel, Thomas Herskovits and Steven Ibbotson served as members of our Compensation Committee during fiscal year 2017. No member of our Compensation Committee was, or was formerly, an officer or employee of the Company during fiscal 2017. None of our executive officers served during fiscal 2017 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.

Mr. Garel, a manager of both Envest II, LLC and Envest III, LLC, was an indirect beneficial owner of the related party transaction as described under the below section titled "Certain Relationships and Related Transactions" to this Proxy Statement.

NON-EMPLOYEE DIRECTOR COMPENSATION

In fiscal 2017, directors other than Mr. Hewitt received the option of an annual retainer of $45,000 or an equal amount of compensation in the form of restricted stock. In addition, for those directors who served on the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee, members received annual retainers of $10,000, $7,500, and $5,000, and the chairpersons received annual retainers of $20,000, $10,000 and $7,500, respectively. Our committee members are also entitled to receive this cash compensation in the form of restricted stock, if they so elect. For fiscal 2017, we also granted each of our directors other than Mr. Hewitt stock-based compensation in the form of stock options and restricted stock units in a total combined approximate annual value of $65,000.

The table below sets forth all compensation paid to our non-employee directors and for Mr. D'Angelo for fiscal 2017. Information regarding Mr. Hewitt's compensation for fiscal 2017 is included under "Executive Compensation." For the purposes of this proxy statement, because Mr. D'Angelo does not participate in the executive bonus plan of the Company, he continues to be treated for board compensation purposes as a non-employee member of the Board of Directors.

Name	Fees Earned or Paid in Cash	Stock Awards (1) (2)	Option Awards (3) (4)	All Other Compensation (5)	Total
Gordon D'Angelo (6)	$45,000	$21,666	$43,333	$302,769	$412,768
John R. Garel (7)	—	91,666	43,333	—	134,999
Thomas Herskovits (8)	57,500	21,666	43,333	—	122,499
Robert M. Howard (9)	60,000	21,666	43,333	—	124,999
Steven Ibbotson (10)	60,000	21,666	43,333	—	124,999
Ross N. Longfield (11)	60,000	21,666	43,333	—	124,999
Ellen M. McDowell (12)	45,000	21,666	43,333	—	109,999
George T. Robson (13)	70,000	21,666	43,333	—	134,999

(1) Amounts in this column reflect the grant date fair value of the restricted stock and restricted stock units (RSUs) granted to each non-employee director under the Company's 2011 Equity and Cash Incentive 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 effective date of grant. Assumptions used in the calculation of these amounts for fiscal 2017 are included in Note 10 to the Company's audited financial statements for the year ended April 30, 2017.

(2) The value reported in the "Stock Awards" column represents RSUs granted to directors other than Mr. Hewitt, which generally vest and become subject to settlement 12 months after the date of grant. Each RSU represents the right to receive upon settlement of one share of the Company's Class A Common Stock. The aggregate amount of RSUs outstanding as of April 30, 2017 for each Messrs. D'Angelo, Garel, Herskovits, Howard, Ibbotson, Longfield, Robson and Ms. McDowell, was 1,694 RSUs. In addition, during fiscal 2017, Mr. Garel elected to receive restricted stock in lieu of his cash compensation for his Board and committee service, and these shares vested immediately upon receipt at the beginning of each fiscal quarter. For each of the awards, the grant date fair value of these awards is calculated using the closing price of the Company's common stock on the date prior to grant.

(3) Amounts in this column reflect the grant date fair value of the options granted to each director, other than Mr. Hewitt, under the Company's 2011 Equity and Cash Incentive 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 2017 are included in Note 10 to the Company's audited financial statements for the year ended April 30, 2017.

(4) The aggregate number of option awards outstanding as of April 30, 2017 for each director was as follows: Mr. D'Angelo, 12,716 options; Mr. Garel, 23,241 options; Envest II, LLC, 1,500 options; Envest III, LLC, 8,500 options (Mr. Garel is the manager of both Envest II, LLC and Envest III, LLC); Mr. Herskovits, 9,027 options; Mr. Howard, 8,489 options; Mr. Ibbotson, 33,241 options; Mr. Longfield, 33,241 options; Ms. McDowell, 14,614 options; and Mr. Robson, 33,241 options.

(5) In addition to his compensation as a member of the Board of Directors, Mr. D'Angelo received compensation of $302,769 as an employee of the Company during fiscal 2017. He was an employee during the entire fiscal year.

(6) Fees earned for Mr. D'Angelo includes a $45,000 annual board retainer fee.

(7) Mr. Garel was entitled to a $45,000 annual board retainer fee, $10,000 Audit Committee member retainer fee, $7,500 Compensation Committee member retainer fee, and a $7,500 Nominating and Corporate Governance Committee chairman retainer fee but he elected to receive restricted stock in lieu of his cash compensation for his Board and committee service.

(8) Fees earned for Mr. Herskovits includes a $45,000 annual board retainer fee, $7,500 Compensation Committee member retainer fee, and $5,000 Nominating and Corporate Governance Committee member retainer fee.

(9) Fees earned for Mr. Howard includes a $45,000 annual board retainer fee, $10,000 Audit Committee member retainer fee, and $5,000 Nominating and Corporate Governance Committee member retainer fee.

(10) Fees earned for Mr. Ibbotson includes a $45,000 annual board retainer fee, $10,000 Compensation Committee chairman retainer fee, and $5,000 Nominating and Corporate Governance Committee member retainer fee.

(11) Fees earned for Mr. Longfield includes a $45,000 annual board retainer fee, $10,000 Audit Committee member retainer fee, and $5,000 Nominating and Corporate Governance Committee member retainer fee.

(12) Fees earned for Ms. McDowell includes a $45,000 annual board retainer fee.

(13) Fees earned for Mr. Robson includes a $45,000 annual board retainer fee, $20,000 Audit Committee chairman retainer fee, and $5,000 Nominating and Corporate Governance Committee member retainer fee.

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 three of our seven current directors are "independent" under the applicable rules and regulations of the SEC and NASDAQ. The independent directors are Messrs. Longfield, Herskovits and Minner. In making this determination, our Board of Directors considered the current and prior relationships that each non-employee director has with the 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 Chairman of the Board and controlling stockholder, Ms. McDowell was not deemed independent as a result of her familial relationship with Mr. Hewitt, Mr. D'Angelo was not deemed independent as a result of his prior employment status with the Company and Mr. Seal was not deemed independent as a result of his relationships with the Company.

Mr. Hewitt serves as our Chairman of the Board of Directors. The Board historically has not designated a "lead independent director," but the Company’s Corporate Governance Guidelines provide that the Board may, at its election, select an independent director to serve as lead independent director.

The Risk Committee was established to have oversight responsibility of the Company’s risk governance structure, risk management and to monitor the Company's operational risks. However, 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 Risk Committee and to the Board, developing and implementing appropriate risk management strategies responsive to those risks with oversight from the Risk Committee, 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 other 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 certain information regarding our current executive officers:

Name	Age	Position(s)
Nicole Ossenfort	47	President and Chief Executive Officer
Nicholas E. Bates	37	Chief Financial Officer
Shaun York	36	Chief Operating Officer

Background and Experience of Executive Officers

Nicole Ossenfort. Ms. Ossenfort has served as the President and Chief Executive Officer of the Company since February 2018. Ms. Ossenfort previously served as a director of the Company from November 2017 to February 2018 and as Vice President of the Company's 360 Accounting Solutions business from April 2017 to October 2017. Ms. Ossenfort also has been a franchisee of Liberty Tax Service since 2002 with offices in South Dakota and Wyoming and was an Area Developer from 2004 to September 2017. Ms. Ossenfort was employed in public accounting as an auditor at McGladrey & Pullen from 1994 to 1996.

Nicholas E. Bates. Mr. Bates has served as the Company's Chief Financial Officer since January 2018. Mr. Bates previously served as Vice President of Finance and Corporate Controller from September 2017 to December 2017 and as Vice President of Finance of the Company from September 2015 to August 2017. Prior to joining the Company, Mr. Bates spent five years with Catapult Learning, LLC, a portfolio company of JMI Equity and The Carlyle Group, most recently as Chief Financial Officer. Previously Mr. Bates served in various financial roles with MedQuist, Inc., a NASDAQ listed medical transcription company from 2001 to 2010.

Shaun York. Mr. York has served as the Chief Operating Officer of the Company since February 2018. Mr. York has been involved with Liberty Tax Service since 2003 when he started working with the Central Florida Area Developers. He joined Liberty Tax as a franchisee in October of 2003. Currently he owns multiple franchise locations in the Tampa, Florida area. Over the last ten years, Mr. York has been an Area Developer in Tampa, Polk County and Brevard County in Florida and in Birmingham, Alabama (the latter of which was sold in 2016). Over the past five years, Mr. York has periodically worked as a consultant or an employee of the Company, serving in various operations roles.

Compensation of Executive Officers

On March 16, 2018, the Compensation Committee of the Board approved interim annual base salaries for Ms. Ossenfort and Mr. York in the amounts of $400,000 and $300,000, respectively, effective immediately for services provided on and after February 19, 2018. The Compensation Committee also approved the engagement of Pearl Meyer, a compensation consultant, to provide a market analysis and assessment of the competitiveness of the Company's executive compensation program. The Compensation Committee intends to consider the total annual compensation to be provided to Ms. Ossenfort and Mr. York, including base salary, bonus, incentive and equity compensation, for fiscal year 2019 following the Compensation Committee's review of the findings of Pearl Meyer.

On December 12, 2017, the Company entered into an employment agreement with Mr. Bates effective as of January 1, 2018. Under Mr. Bates' employment agreement, he is entitled to an annual base salary of $300,000. Mr. Bates is also entitled to an annual bonus with a target maximum of 50% of his base salary during the term of his employment agreement. The Board of Directors of the Company also authorized a grant to Mr. Bates of restricted stock units of the Company's Class A Common Stock valued at $400,000. In addition, on September 6, 2017, the Company entered into a retention bonus and restricted stock unit agreement with Mr. Bates which provided for (i) a retention bonus of $74,520, payable in two installments and (ii) a one-time grant of 5,342 restricted stock units, each of which represented the right to receive one share of the Company's Class A Common Stock which would vest in two equal installments, provided that the executive officer remained employed with the Company on each vesting date.

COMPENSATION DISCUSSION AND ANALYSIS

The compensation provided to our "named executive officers" for the fiscal year ended April 30, 2017 is set forth in detail in the Summary Compensation Table for fiscal 2017 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 2017 for our named executive officers.

Our named executive officers during fiscal 2017 consisted of the following individuals:

Name	Position(s)
John T. Hewitt	Chairman, Chief Executive Officer and President
Kathleen E. Donovan	Vice President, Chief Financial Officer

Vanessa M. Szajnoga	Vice President, General Counsel
Michael Piper	Vice President, Financial Products
Richard G. Artese	Vice President, Chief Information Officer
James J. Wheaton (1)	Former General Counsel, Chief Compliance Officer and Vice President, Legal and Governmental Affairs

(1) Mr. Wheaton left the Company in June 2016.

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 that 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. For fiscal 2017, the Compensation Committee tied the level of potential bonus payments for each of the named executive officers solely to company-wide financial performance objectives.

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 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.

The Compensation Committee does not undertake, on an annual basis, any formal benchmarking or surveys of compensation for our competitors, but has instead relied primarily on our members' general knowledge of the competitive market. However, the Compensation Committee has engaged a compensation consultant from time to time and did so in 2017.

During fiscal 2017, the Compensation Committee engaged Pearl Meyer to assist the Committee in assessing the compensation levels and compensation mix and features. As part of its engagement, Pearl Meyer assisted the Compensation Committee in reviewing the compensation paid by a peer group of companies to assess the competitiveness of the compensation of our executives. The peer group selected by the Compensation Committee, in consultation with Pearl Meyer, for purposes of evaluating compensation of the executives consisted of sixteen publicly-traded companies chosen because of their comparable revenues and/or market capitalization, status and size as franchisors, and/or their participation in our industry or similar industries. The peer group consisted of the following companies:

- K12, Inc.
- CBIZ, Inc.
- 1-800-FLOWERS.COM, Inc.
- Resources Connection, Inc.
- Blucora, Inc.
- Strayer Education, Inc.
- American Public Education, Inc.
- GP Strategies Corporation
- Capella Education Company

- Nutrisystem, Inc.
- Rosetta Stone, Inc.
- Carriage Services, Inc.
- Franklin Covey Co.
- RE/MAX Holdings, Inc.
- PRGX Global, Inc.
- Cambium Learning Group, Inc.

Based on the results of the 2017 compensation study by Pearl Meyer, the Compensation Committee approved in December 2016 the following changes to our compensation mix, beginning in fiscal 2017:

- Mr. Hewitt received stock options which will vest over a period of four years and he received restricted stock units with one-half vesting after the second year following the grant and the other one-half vesting the fourth year following the grant date.

- Restricted stock unit awards to named executive officers will vest over a period of five years with 25% vesting on the third and fourth year anniversaries of the grant date and the remaining 50% will vest on the fifth anniversary of the grant date.

- Stock options and restricted stock unit awards to employees will vest over three years.

- Future grants of stock options to the named executive officers and other employees may take the form of annual grants rather than multi-year grants, in order to make stock compensation a more integrated component of the annual compensation package and to link it more closely to performance.

Components of compensation for fiscal 2017

For fiscal 2017, 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.

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 2017, employees received an average salary increase of approximately 3-5% of their fiscal 2016 salary, with the actual amount of any employee's increase determined based on fiscal 2016 performance.

Mr. Hewitt's base salary was raised to $534,000 as of May 1, 2016.

Ms. Donovan's annual base salary was raised to $345,050 as of January 2017.

Mr. Piper's annual base salary was raised to $244,400 as of January 2017.

Ms. Szajnoga's annual base salary was raised to $262,500 as of January 2017.

Mr. Wheaton, who left the company on June 13, 2016, had an annual base salary of $358,010.

Mr. Artese's annual base salary was raised to $226,600 as of January 2017.

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 establishes 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, subject to the Compensation Committee discretion. Target bonus amounts for fiscal 2017 were 100% of his base salary for Mr. Hewitt, 50% of base salary for Ms. Donovan and Mr. Wheaton, 40% of base salary for Mr. Piper and Mr. Artese, and 30% of base salary for Ms. Szajnoga. Actual bonuses were to be based upon the achievement of the applicable performance objectives. No bonuses were to be earned under the bonus plan unless income before income taxes exceeded the prior year's income before income taxes. Our Compensation Committee also had the discretion to award an additional bonus to the extent that the Company exceeded the target performance metrics.

The target bonus amounts for Ms. Donovan, Ms. Szajnoga and Messrs. Hewitt, Wheaton, Artese and Piper 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 companies based on their general knowledge of the competitive market. For fiscal 2017, eligibility for annual bonuses to each of the executives named above was based entirely upon achievement of company-wide performance goals relating to our U.S. systemwide revenue, total revenue and income before income taxes. The Compensation Committee added systemwide revenue as a bonus component in fiscal 2014 based on its determination that this non-GAAP measure, which reflects the total revenue base of the Company's franchise system, is an appropriate tool for evaluating the size of the overall enterprise that the Company's executive team is responsible for managing. The Compensation Committee added income before income taxes as a bonus component in fiscal 2017, as a replacement for EBITDA, based on its determination following the completion of the Pearl Meyer study that income before income taxes is a more relevant measure of the Company's performance. The performance goals for each of our named executive officers used in 2017 in determining the target bonus as a percentage of the officer's base salary are set forth below:

Name	Systemwide Revenue	Revenue	Income Before Income Taxes	Total target Bonus as Percentage of Base Salary
John T. Hewitt	25%	25%	50%	100%
Kathleen E. Donovan	25%	25%	50%	50%
Vanessa M. Szajnoga				