REGIS CORP
Form PREC14A
September 14, 2011

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 x

Filed by a Party other than the Registrant o

Check the appropriate box:

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

REGIS CORPORATION
(Name of Registrant as Specified In Its Charter)

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

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x No fee required.

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(1)	Amount Previously Paid:
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PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held

TO THE SHAREHOLDERS OF REGIS CORPORATION:

The Annual Meeting of the Shareholders of Regis Corporation (referred to as we, us, our, Regis and the Company) will be held at , on , commencing at , for the following purposes:

1. To elect seven directors to serve for a one-year term and until their successors are elected and qualified;

2. To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm;

3. To approve, on an advisory basis, the compensation of our named executive officers (referred to as the Say-on-Pay proposal);

4. To select, on an advisory basis, the frequency of future advisory votes on the compensation of our named executive officers (referred to as the Say-on-Pay Frequency proposal); and

5. To transact such other business, if any, as may properly come before the Annual Meeting or any adjournment or postponement thereof.

Only holders of record of our Common Stock at the close of business on   are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

Whether or not you plan to attend the Annual Meeting in person, please submit your proxy:

- By telephone or through the Internet in accordance with the instructions on the enclosed **GOLD** proxy card, or

- By signing, dating and returning the enclosed **GOLD** proxy card in the postage-paid envelope.

Should you nevertheless attend the Annual Meeting, you may revoke your proxy and vote in person.

If your shares are held in the name of a bank, broker or other holder of record, you will receive instructions from the record holder that you must follow in order for your shares to be voted. If you plan to attend the Annual Meeting and hold shares in your name, please be prepared to provide proper identification, such as a driver s license. If you hold your shares through a bank or broker, you will need proof of ownership, such as a recent account statement or letter from your bank or broker, along with proper identification in order to attend the Annual Meeting. If you hold your shares through a bank or broker and intend to vote your shares at the Annual Meeting, you will need to provide a legal proxy from your broker.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held on   :
The Notice and Proxy Statement and Annual Report on Form 10-K are available online at www.   .com.

Your vote is extremely important. If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor:

Innisfree M&A Incorporated

Shareholders May Call Toll-Free: (877) 750-5837

Banks and Brokers May Call Collect: (212) 750-5833

By Order of the Board of Directors

Eric A. Bakken

Secretary

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS,

This Proxy Statement and enclosed **GOLD** proxy card are furnished to shareholders of REGIS CORPORATION, a Minnesota corporation (the Company), in connection with the solicitation on behalf of our Board of Directors (the Board) of proxies for use at the annual meeting of shareholders to be held on , and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. We will begin mailing this Proxy Statement and **GOLD** proxy card to shareholders on or about .

The address of our principal executive office is 7201 Metro Boulevard, Edina, Minnesota 55439.

Solicitation of Proxies

In addition to the use of the mails, proxies may be solicited personally or by mail, telephone, fax, email or other electronic means by our directors, officers and regular employees named in Appendix A who will not be additionally compensated for any such services. Additional information about persons who are participants in this proxy solicitation is set forth in Appendix A. Proxies may also be solicited by means of press releases and other public statements.

The Company will pay all solicitation expenses in connection with this Proxy Statement and related proxy soliciting material of the Board, including the expense of preparing, printing, assembling and mailing this Proxy Statement and any other material used in the Board s solicitation of proxies. In addition, the Company has retained Innisfree M&A Incorporated (Innisfree) to assist with the solicitation of proxies for a fee not to exceed $, plus reimbursement for out-of-pocket expenses. The Company has agreed to indemnify Innisfree against certain liabilities relating to or arising out of its engagement. Innisfree estimates that approximately 60 of its employees will assist in this proxy solicitation, which they may conduct personally, by mail, telephone, fax, email or other electronic means.

The Company or Innisfree will request banks, brokers and other holders of record to forward proxy soliciting material to the beneficial owners of shares held of record by such persons and obtain their voting instructions. The Company will reimburse such persons for their expenses in connection with the foregoing activities.

Our total expenses, including those of Innisfree, related to the solicitation in excess of those normally spent for an annual meeting as a result of the potential proxy contest and excluding salaries and wages of our officers and regular employees, are expected to be approximately $, of which approximately $ has been spent to date.

If You Hold Your Shares in Street Name

If you hold your shares in street name , i.e., through a bank, broker or other holder of record (a custodian), your custodian is required to vote your shares on your behalf in accordance with your instructions. If you do not give instructions to your custodian, your custodian will not be permitted to vote your shares with respect to non-discretionary items, such as the election of directors, the Say-on-Pay proposal and the Say-on-Pay Frequency proposal. Accordingly, we urge you to promptly give instructions to your custodian to vote on these matters, including an instruction to vote For the Board s director nominees, by using the **GOLD** voting instruction card provided to you by your custodian. Please note that if you intend to vote your street name shares in person at the Annual Meeting, you must provide a legal proxy from your custodian at the Annual Meeting.

If You Receive a Proxy From Starboard

Starboard Value and Opportunity Master Fund Ltd, an investment firm (Starboard), has stated that it intends to nominate three of its own candidates for election as directors at the Annual Meeting. We do not know whether Starboard will in fact solicit proxies for the election of its candidates at the Annual Meeting. Any candidates nominated by Starboard have NOT been endorsed by the Board. We are not responsible for the accuracy of any information contained in any proxy solicitation materials used by Starboard or any other statements that it may otherwise make.

The Board recommends that you vote For each of the Board s seven nominees for director on the enclosed **GOLD** proxy card and DO NOT sign or return any WHITE proxy card that may be sent to you by Starboard. Voting against, or withholding authority from, Starboard s nominees on a WHITE proxy card that Starboard sends you is not the same as voting for the Board s nominees, because even a vote against, or to withhold authority from, Starboard s nominees on its WHITE proxy card will revoke any previous proxy submitted by you. If you have previously submitted a WHITE proxy card, we urge you to revoke that proxy by voting in favor of the Board s seven nominees by using the enclosed **GOLD** proxy card. Only the latest validly executed proxy that you submit will be counted.

Background of the Solicitation

On July 29, 2011, we received notice from Starboard of Starboard s intention to nominate three directors, identifying and describing the individual proposed nominees listed in the notice. We had not had any communication with Starboard relating to proposed nominees prior to receiving the notice. According to the notice, Starboard, together with certain of its affiliates, beneficially owned 1,162,920 shares of our Common Stock as of July 28, 2011. In addition, Starboard stated in the notice that it, together with certain affiliates, beneficially owned $5,000,000 principal amount of our convertible senior notes due 2014, which were convertible into 323,363 shares of our Common Stock based on a conversion rate of 64.6726 shares of Common Stock per $1,000 principal amount of notes. The notice indicated that the first purchases of our securities by Starboard had been made on June 8, 2011 and stated that the total beneficial ownership by it and certain of its affiliates of our common stock, including the stock underlying the convertible notes, was approximately 2.6% of our outstanding shares.

On July 29, 2011, after receiving the notice, Randy Pearce, our President, had a telephone conversation with Jeffrey C. Smith, the Managing Member, Chief Executive Officer and Chief Investment Officer of Starboard Value LP. Mr. Smith indicated that Starboard had not yet decided whether to nominate any directors, but wanted to preserve its right to do so in light of the deadline of July 31, 2011 for shareholder nominations under our bylaws.

On August 2, 2011, Mr. Pearce called Mr. Smith and suggested that Paul Finkelstein, our Chief Executive Officer, and Mr. Pearce meet with Mr. Smith. They scheduled a meeting in New York on August 8. At that meeting, Mr. Smith asserted that we were undervalued, that our expenses could be significantly reduced and that a disposition of certain non-core assets should be considered, together with a stock repurchase by us. Mr. Finkelstein and Mr. Pearce discussed the reduction of costs that had already occurred, publicly available information regarding further cost initiatives and their views regarding assets of the Company.

Mr. Pearce relayed Mr. Smith s comments to the Board on August 9, 2011 and received advice from the Board regarding a process for considering nominees proposed by Starboard.

On August 11, 2011, Mr. Pearce called Mr. Smith to inform him that the Nominating and Corporate Governance Committee of the Board would interview two of Starboard s director nominees and would likely nominate one of them if the Committee was satisfied with the qualifications of the nominee. Mr. Pearce also explained that the Board would consider Starboard s operational recommendations. Mr. Smith indicated that our proposal was not acceptable, and that Starboard wanted at least two of its nominees on the Board, as well as a public commitment by the Board to undertake the operational changes recommended by Starboard.

On August 16, 2011, Starboard issued a press release disclosing that it, together with certain of its affiliates, then owned 2,035,000 shares of our common stock and an additional 542,538 shares of common stock underlying our 5% convertible notes due 2014, constituting a total beneficial ownership of 4.4% of our outstanding common stock. It asserted in the press release that our company is significantly undervalued and that our costs could be significantly reduced and suggested that the sale of certain non-core assets be considered. It also noted that Starboard had nominated three director candidates. On August 16, we issued a release noting that we are open to ideas that can create shareholder value, had been in private discussions with Starboard, would continue to engage constructively with Starboard and all our shareholders, and are firmly committed to creating value for all shareholders through the successful execution of our strategy.

The Board met on August 25, 2011. During that meeting, the Board discussed Starboard s assertions and requests.

On September 1, 2011, Mr. Pearce and Mr. Smith again spoke by telephone. Mr. Pearce told Mr. Smith that Starboard s requests were receiving Board attention. He again told Mr. Smith that the Nominating and Corporate Governance Committee, in considering the Starboard nominees, wanted to interview two of them. Mr. Smith expressed reluctance to proceed with those interviews prior to reaching an understanding concerning the composition of the Board.

Mr. Pearce conveyed Mr. Smith s comments to the Board at a meeting on September 2, 2011. At that meeting, the Board continued its August 25 discussion of Starboard s requests and processes for analyzing and responding to those requests.

On September 8, 2011, members of the Nominating and Corporate Governance Committee met with Michael Merriman and, at a meeting of the Board on September 8, they recommended that the Board consider Mr. Merriman as a nominee to the Board for election by the shareholders at the Annual Meeting. The Board discussed Mr. Merriman as a possible nominee and also discussed possible further communications with Starboard. On September 12 and 13, our representatives had further discussions with Starboard and again requested the opportunity to interview two of Starboard's nominees. On September 13, the Nominating and Corporate Governance Committee recommended Mr. Merriman and the other nominees listed in this proxy statement as Board nominees for election by the shareholders at the Annual Meeting and the Board nominated each of those nominees.

Revocation of a Proxy

Any shareholder giving a proxy may revoke it at any time before it is exercised by submitting another proxy bearing a later date, attending the Annual Meeting and revoking it, after which the shareholder may vote by ballot, or providing written notice of revocation to one of our officers at the address set forth above. Proxies, if received in time for voting and not revoked, will be voted at the Annual Meeting in accordance with the specification indicated thereon.

Questions on How to Vote

If you have any questions or require any assistance with voting your shares, please contact our proxy solicitor:

Innisfree M&A Incorporated

Shareholders May Call Toll-Free: (877) 750-5837

Banks and Brokers May Call Collect: (212) 750-5833

VOTING RIGHTS AND REQUIREMENTS

Only shareholders of record as of the close of business on , will be entitled to sign proxies or to vote. On that date, there were shares issued, outstanding and entitled to vote. Each share of Common Stock is entitled to one vote. A majority of the outstanding shares present in person or by proxy at the meeting is required to transact business, and constitutes a quorum for voting on items at the meeting. If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will be counted as being present at the meeting in determining the quorum, but neither will be counted as a vote in favor of a matter. A broker non-vote is a proxy submitted by a bank, broker or other custodian that does not indicate a vote for some of the proposals because the broker does not have or does not exercise discretionary voting authority on certain types of proposals and has not received instructions from its client as to how to vote on those proposals.

Vote Required

Election of Directors - The affirmative vote of a plurality of the shares of Common Stock present in person or by proxy and entitled to vote at this annual meeting is required for the election to the Board of each of the nominees for director. Shareholders do not have the right to cumulate their votes in the election of directors. Plurality means that the individuals who receive the greatest number of votes cast For are elected as directors. Accordingly, the seven nominees for director receiving the highest vote totals will be elected as directors of the Company. If Starboard does not nominate the directors it stated that it intends to nominate, withheld votes and broker non-votes will have no effect on the outcome of the election of directors. If Starboard does in fact nominate its own director candidates, withheld votes and any broker non-votes will have the effect of reducing the likelihood that the applicable Board nominee would be elected.

Ratification of Auditors - The affirmative vote of the holders of the greater of (1) a majority of the shares of our Common Stock present in person or by proxy and entitled to vote on the proposal or (2) a majority of the minimum number of shares entitled to vote that would constitute a quorum for the transaction of business at the meeting is required for approval of Item 2, ratification of the appointment of our independent registered public accounting firm. A shareholder who abstains with respect to this proposal will have the effect of casting a negative vote on this proposal.

Say-on-Pay and Say-on-Pay Frequency Proposals - The advisory votes on executive compensation in Item 3 and the frequency of future votes on executive compensation in Item 4 are not binding on us; however, we will consider the shareholders to have approved our executive compensation if the number of shares voted For the proposal exceed the number of shares voted Against the proposal, and we will consider the shareholders to have selected the frequency for future votes on executive compensation that receives the highest number of votes of the frequency alternatives presented (every 1 year, every 2 years or every 3 years). A shareholder who abstains with respect to either of these proposals will have no effect on the outcome of that proposal.

Routine Versus Non-Routine Matters. Brokers cannot vote on their customers behalf on non-routine proposals such as Item 1, the election of directors, Item 3, the advisory vote on executive compensation and Item 4, the advisory vote on the frequency of future votes on executive compensation. Because brokers require their customers direction to vote on such non-routine matters, it is critical that shareholders provide their brokers with voting instructions. On the other hand, in the absence of Starboard providing proxy materials in opposition to the Board to your broker to forward to you on its behalf, Item 2, ratification of the appointment of our independent registered public accounting firm, is a routine matter for which your broker does not need your voting instruction in order to vote your shares.

Effect of Broker Non-Votes. If you hold your shares in street name and do not provide voting instructions to your bank, broker, or other custodian, your shares will not be voted on any proposal on which your broker does not have or does not exercise discretionary authority to vote (a broker non-vote), such as may be the case with a non-routine matter for which you do not provide voting instructions. The impact of a broker non-vote on the election of directors is described above. A broker non-vote on any of the other proposals presented at the annual meeting will have no effect on the outcome of the proposal.

ITEM 1

ELECTION OF DIRECTORS

Seven directors are to be elected at this annual meeting, each to hold office for one year until the 2012 annual meeting of shareholders. Based upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the seven persons named below for election as directors. All of the Board s nominees, other than Michael J. Merriman, are currently directors of Regis and each nominee has consented to serve if elected.

Proxies submitted on the enclosed **GOLD** proxy card, unless authority to vote is withheld, will be voted for the election of the Board s nominees named herein as directors of Regis. If for any reason a nominee becomes unable to serve or for good cause will not serve if elected, the Nominating and Corporate Governance Committee may designate substitute nominees, in which event the shares represented by proxies returned to us will be voted for such substitute nominees. If the Nominating and Corporate Governance Committee designates any substitute nominees, we will file an amended proxy statement that, as applicable, identifies the substitute nominees, discloses that such nominees have consented to being named in the revised proxy statement and to serve if elected, and includes certain biographical and other information about such nominees required by SEC rules.

The following table contains certain information with respect to the Board s nominees:

Name and Age	Position
Rolf F. Bjelland (73)	Director
Joseph L. (Joel) Conner (60)	Director
Paul D. Finkelstein (69)	Chief Executive Officer and Chairman of the Board
Van Zandt Hawn (66)	Director
Susan S. Hoyt (67)	Director
Michael J. Merriman (55)	Director Nominee
Stephen E. Watson (66)	Director

Mr. Rolf Bjelland*, age 73, Director Since 1983*

Mr. Bjelland was elected a director of Regis in 1983. Since 1983, Mr. Bjelland has held various executive positions with Lutheran Brotherhood (now Thrivent Financial for Lutherans), a fraternal insurance society, and was President, Chairman and Chief Investment Officer of Lutheran Brotherhood Mutual Funds from 1983 until his retirement in 2002. In addition to his current service as a director of Regis, Mr. Bjelland has previously served as Chairman of LB Community Bank & Trust Board of Thrivent Financial for Lutherans, as Chairman of the Board of Ultra Series Fund (with 18 portfolios), and as Chairman of the fund complex of Members Mutual Funds (with 12 portfolios).

Mr. Bjelland s nearly forty years of executive experience and financial expertise derived in the financial service industry with a Fortune 500 organization, as well as his depth and breadth of direct knowledge and understanding of our business gained during his 28 years as a director of Regis Corporation, provide him a solid foundation from which to make valuable contributions to our Board. In particular, his experience assessing and overseeing risk in his roles at Thrivent are valuable to the Board and the Audit Committee.

Mr. Joel Conner, *age 60, Director Since 2010*

Mr. Conner was elected a director of Regis in August, 2010. Mr. Conner currently serves as the Chairman and Chief Executive Officer of Bellisio Foods, a privately-held frozen entree company with exports to 12 countries worldwide. Mr. Conner has been with Bellisio Foods since it was founded in 1990, and prior to becoming CEO was instrumental in leading the company s international development and many of its strategic partnerships. Prior to joining Bellisio Foods, Mr. Conner was the co-founder and director of Cornell Associates, which provided financial management and consulting services to the hotel and restaurant industry worldwide. Prior to Cornell, Mr. Conner served as the Chief Marketing Officer for ServiceMaster Industries.

Mr. Conner is a former director of Republic Banks and has been involved in dozens of successful start-up and turnaround companies, both public and private. He has served on the board of directors or advisory board of numerous organizations in real estate, restaurant management, professional sports, and manufacturing. Mr. Conner currently serves as the Chairman of the Board of Directors of Students in Free Enterprise (SIFE), where he has served as a board member for 16 years, and as a director of the Page Foundation. Mr. Conner s term as Chairman of SIFE ends on October 5, 2011, after which he will continue to serve on the Executive Committee of the Board. Mr. Conner is also a past chairman of Children s

HeartLink. Mr. Conner s various business leadership experiences allow him to make meaningful contributions to the many strategic and operational issues considered by our Board.

Mr. Paul Finkelstein*, age 69, Director Since 1987*

Mr. Finkelstein has served as Chief Executive Officer of Regis since July 1, 1996, Chairman of the Board since May 4, 2004, and was President from July 1, 1996 to February 2, 2011 and Chief Operating Officer of Regis from December 1987 until June 30, 1996. He has been a director of Regis since 1987. Mr. Finkelstein has announced his plans to retire as the Company s Chief Executive Officer effective February 8, 2012, at which time he will continue to serve as the Company s Executive Chairman of the Board. Mr. Finkelstein has over 45 years of leadership experience in the hair care industry, 24 of these years with Regis. Prior to joining Regis, Mr. Finkelstein was a Senior Vice President at Revlon, Inc., a beauty care products company, following Revlon s 1986 acquisition of Turner Hall Corporation where he was the Chief Executive Officer from 1984 to 1986. From 1966 to 1981, Mr. Finkelstein began his career serving in various executive roles with Glemby International, an operator of department store-based salons where he served as Executive Vice President and then President for the Sophia Beauty Salons Division. Following his experience with Glemby, Mr. Finkelstein joined the Seligman & Latz salon chain as chairman of its beauty division. In 1984 he was named CEO of Turner Hall Corporation, a Bass family investment firm, which was sold to Revlon two years later. Mr. Finkelstein previously served as a director of CPI Corp. from July 2009 through January 2010.

During Mr. Finkelstein s nearly 25 years with the Company, Regis has solidified its status as the hair care industry s global leader. Mr. Finkelstein s long record of service with Regis, as well as his over four decades of experience and leadership in the salon industry, qualify him to serve as the Chairman of our Board of Directors.

Mr. Van Zandt Hawn*, age 66, Director since 1991*

Mr. Hawn was elected a director of Regis in 1991. Mr. Hawn founded Goldner Hawn Johnson & Morrison Incorporated (GHJ&M), a private investment firm, where he has served as a Managing Director since its inception in 1989. Prior to co-founding GHJ&M, Mr. Hawn spent ten years at Piper Jaffray, an investment banking firm, as a Managing Director in corporate finance, where he focused on public underwritings and mergers and acquisitions. Prior to joining Piper Jaffray, Mr. Hawn was a corporate lawyer at Davis Polk & Wardwell. Mr. Hawn is currently a director of Transport Corporation of America, Inc., a GHJ&M portfolio company, and of its holding company, Patriot Holdings L.L.C. He has previously served as a director of several GHJ&M portfolio companies, as well as for several not-for-profit entities, including the Minnesota Children s Museum, The Blake School and the Minnesota Orchestral Association.

Mr. Hawn s extensive experience in the investment industry, including his experience advising companies on acquisition and financing activities, has been important to our growth through acquisition and our completion of financing transactions to fund our growth. His 20 years of service on our Board give him a deep understanding of our business and the evolution of our strategy over that time and make him a valuable member of our Board.

Ms. Susan Hoyt*, age 67, Director since 1995*

Ms. Hoyt was elected a director of Regis in 1995. Ms. Hoyt has over 40 years in the specialty retail industry with 26 of those years in the fashion sector. Most recently, Ms. Hoyt was Executive Vice President of Human Resources of Staples, Inc. (the world s largest office products company), a position she held from 1996 until her retirement in September 2009. From 1991 to 1996, she was Executive Vice President of Store Operations for the Dayton Hudson Department Stores Division of Dayton Hudson Corporation. Before joining Dayton Hudson, Ms. Hoyt held various positions with Emporium and Famous-Barr, a May Department Stores company.

Ms. Hoyt s extensive executive experience in the retail industry qualifies her to serve as a director. In particular, her leadership experience in human resources and compensation allow her to make valuable contributions on personnel and compensation matters. During Ms. Hoyt s tenure at Staples, Staples experienced significant international growth, both organically and through acquisition. This experience has served Regis well during our international expansion. Ms. Hoyt also brings an important female perspective to our Board since the majority of our customers are women.

Mr. Michael Merriman*, age 55, Director Nominee*

Michael J. Merriman has been an operating advisor with Resilience Capital Partners, LLC, a private equity firm, since July 1, 2008. From November 2006 until its sale in November 2007, Mr. Merriman served as Chief Executive Officer of The Lamson & Sessions Co., a publicly held manufacturer of thermoplastic conduit, fittings and electrical switch and outlet boxes. Prior to joining Lamson & Sessions, Mr. Merriman served as the Senior Vice President and Chief Financial Officer of American Greetings Corporation, a publicly held creator and manufacturer of innovative social expression products, from September 2005 until November 2006. He served as the President and Chief Executive Officer of Royal Appliance Mfg. Co., a publicly held manufacturer and marketer of Dirt Devil vacuum cleaners, from 1995 until April 2004, was its Chief Financial Officer from 1992 to 1995, and served on the board of directors from 1993 to 2004. Mr. Merriman has served as a director of American Greetings Corporation since 2006, Nordson Corporation, a publicly held manufacturer of equipment used for precision dispensing, testing and inspection, surface preparation and curing, since 2008, and OMNOVA Solutions Inc., a publicly held innovator of emulsion polymers, specialty chemicals, and decorative and functional surfaces, since 2008. Mr. Merriman also served as a director of RC2 Corporation, a publicly held manufacturer of pre-school toys and infant products, from 2004 until its sale in April 2011. Mr. Merriman is also a director of Boys Hope Girls Hope of Northeast Ohio, a non-profit organization, True Hero, Inc., a non-profit organization, and John Carroll University.

The Board chose to nominate Mr. Merriman as a director because of his financial acumen, his significant public accounting experience, his experience as a chief executive officer of other publicly traded companies, his service on boards of directors of other publicly traded companies and his retail experience. Mr. Merriman has significant finance, financial reporting and accounting expertise and was formerly a certified public accountant with Arthur Andersen & Co., which will provide the Board with valuable expertise and qualifies him as an audit committee financial expert. The Board expects to appoint Mr. Merriman to the Audit Committee upon his election to the Board. In addition, the Board believes that his wide range of management experience at various public companies will allow him to provide valuable insight into the Company s operations as well as its interactions with investors and financial analysts.

Mr. Stephen Watson*, age 66, Director since 2008*

Mr. Watson was elected a director of Regis in 2008. Mr. Watson brings to the Board nearly 40 years of executive and director experience in the retail industry. From 1973 through 1996, Mr. Watson held various executive officer positions with Dayton Hudson Corporation, including Chairman and Chief Executive Officer of Dayton Hudson Department Stores Co. and President of Dayton Hudson Corporation. From 1972 to 1996, Mr. Watson held various executive officer positions, including President and Chief Executive Officer of the Department Store Division. From 1997 until his retirement in 2002, Mr. Watson was President and Chief Executive Officer of Gander Mountain Company, a privately held retailer for outdoor sports and recreation activities. In addition to serving as a director of Regis, Mr. Watson is currently also a director of Kohl s Corporation, a specialty, family-focused, value-oriented department store, where he serves as Chairman of each of the Audit and the Nominating & Governance committees, and of Chico s FAS, Inc., a women s specialty retailer of private branded, sophisticated clothing and accessories where he serves on the Audit and the Compensation and Benefits Committees. From 1997 through December 2005, Mr. Watson was a director of ShopKo Stores, Inc., an operator of general merchandise stores. From 2004 through May 2007, Mr. Watson was a director of Smart & Final, Inc., an operator of grocery stores. He also served on the boards of Norwest Bank from 1990 to 1996, Target Corporation from 1991 to 1996, Retek Inc. from November 1999 to 2004, and Eddie Bauer Holdings, Inc. from 2005 to 2009.

Mr. Watson s experience as the leading senior executive officer of several complex and specialty retail businesses, his experience as a director of other retail-oriented public companies, and his broad-based knowledge in the areas of retail operations, corporate finance, accounting, marketing and merchandise procurement, bring significant value to our Board. He also contributes a wealth of knowledge and experience of serving on the boards of several public retail companies where he has also served as an audit and governance committee chair.

The Board unanimously recommends that you vote FOR the election of each of the Board s nominees using the GOLD proxy card accompanying this Proxy Statement.

CORPORATE GOVERNANCE

The Board believes that good corporate governance is paramount to ensure that we are managed for the long-term benefit of our shareholders. As part of our ongoing efforts to constantly improve corporate governance, the Board and management have undertaken a number of initiatives to improve our corporate governance policies and practices.

Shareholders and other interested persons may view our Corporate Governance Guidelines on our website at *www.regiscorp.com*. This information is also available in printed form free of charge to any shareholder who requests it by writing to our Corporate Secretary at Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics (the Code of Ethics) that applies to all of our employees, directors and officers, including our Chief Executive Officer, President, Chief Financial Officer, principal accounting officer or controller, and other senior financial officers. The Code of Ethics, as applied to our principal financial officers, constitutes our code of ethics within the meaning of Section 406 of the Sarbanes-Oxley Act and is our code of business conduct and ethics within the meaning of the listing standards of the New York Stock Exchange (NYSE). The Code of Ethics is posted on our website at *www.regiscorp.com*. You may request copies, which will be provided free of charge, by writing to Corporate Secretary, Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439. We intend to promptly disclose future amendments to certain provisions of our Code of Ethics, and any waivers of provisions of the Code of Ethics that are required to be disclosed under the rules of the Securities and Exchange Commission (SEC) or under the listing standards of the NYSE, at the same location on our website.

Director Orientation and Continuing Education

Our Nominating and Corporate Governance Committee and the Board oversee the orientation and continuing education of our directors.

Director Independence

With the adoption of our Corporate Governance Guidelines, the Board established independence standards in accordance with the requirements of the NYSE corporate governance rules. To be considered independent under the NYSE rules, the Board must affirmatively determine that a director or director nominee does not have a material relationship with us (directly, or as a partner, shareholder or officer of an organization that has a relationship with us). In addition, no director or director nominee may be deemed independent if the director or director nominee:

- has in the past three years:

- received (or whose immediate family member has received) more than $100,000 per year in direct compensation from us, other than director or committee fees;

- been an employee of ours;

- had an immediate family member who was an executive officer of ours;

- been (or whose immediate family member has been) an affiliate or employee of a present or former internal or independent auditor of Regis;

- been (or whose immediate family member has been) employed as an executive officer of another company whose compensation committee within the past three years has included a present executive officer of Regis; or

- is currently an employee or executive officer (or has an immediate family member who is an executive officer) of another company that makes payments to us, or receives payments from us, for property or services in an amount which, in any single fiscal year, exceeds the greater of $1.0 million or 2% of such other company s consolidated gross revenues.

Under our director independence standards described above, the Board has determined that each director and director nominee, with the exception of Mr. Finkelstein and Mr. David Kunin, a current director who is not standing for re-election, is independent. A supermajority of our Board members is independent.

Communications with the Board

Shareholders and other interested parties who wish to contact the Board, any individual director or the non-management or independent directors as a group, are welcome to do so by writing to our Corporate Secretary at the following address: Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

Comments or questions regarding our accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to members of the Nominating and Corporate Governance Committee.

Executive Sessions of Non-Management and Independent Directors

In order to promote open discussion among non-management directors, the Board has implemented a policy of conducting executive sessions of non-management directors in connection with each regularly scheduled Board meeting. Shareholders may communicate with the non-management directors as a group by following the procedures described above under Communications with the Board.

The Chairman of the Audit Committee presides over executive sessions of the independent and non-management directors. Shareholders may communicate with the presiding director or the independent and non-management directors as a group by following the procedures described above under Communications with the Board.

Committees of the Board

The Board has three committees: the Audit Committee, the Compensation Committee, and the Nominating and Corporate Governance Committee.

The charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee may be viewed on our website at *www.regiscorp.com* under Corporate Governance. The charters are also available in printed form free of charge to any shareholder who requests them by writing to our Secretary at 7201 Metro Boulevard, Edina, Minnesota 55439. The charters include information regarding the committees composition, purpose and responsibilities.

The Board has determined that all members of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee qualify as independent directors as defined under the NYSE corporate governance rules.

The Board committees have responsibilities as follows:

Audit Committee

The Audit Committee assists the Board in discharging its oversight responsibility to the shareholders and investment community regarding: (i) the integrity of our financial statements and financial reporting processes; (ii) our internal accounting systems and financial and operational controls; (iii) our audit, accounting and financial reporting processes; (iv) the engagement, qualifications and independence of the independent auditor; (v) the performance of our internal audit activities; and (vi) compliance with our ethics programs, including the Code of Ethics, our whistle-blower policy, and legal and regulatory requirements.

In carrying out these duties, the Audit Committee maintains free and open communication between the Board, the independent auditor and our management. The Audit Committee meets with management and the independent auditor at least quarterly.

In addition, the Audit Committee conducts quarterly meetings or conference calls with management and the independent auditor prior to our earnings releases to discuss the results of the independent auditor s quarterly reviews and fiscal year-end audit.

The Board has determined that all members of the Audit Committee meet the NYSE definitions of independence and financial literacy for Audit Committee members. In addition, Rolf Bjelland, an independent director and the Chairman of the Audit Committee, has been determined by the Board to be an audit committee financial expert for purposes of the SEC rules and possesses accounting or related financial management expertise as required by the NYSE. Members serving on the Audit Committee do not currently serve on the audit committees of more than three public companies.

Compensation Committee

The primary responsibilities of the Compensation Committee are (i) to determine and approve, or make recommendations to the Board with respect to, the compensation and benefits packages of all executive officers; and (ii) to consider and recommend incentive compensation and equity-based plans. Additional information about the responsibilities of the Compensation Committee is provided below under Executive Compensation Compensation Discussion and Analysis.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee discharges the Board s responsibilities related to general corporate governance, including Board organization, membership and evaluation. It also reviews and recommends to the Board corporate governance principles and presents qualified individuals for election to the Board. Finally, this committee oversees the evaluation of the performance of the Board and each standing committee of the Board. For further information regarding our director nomination process, see Director Nomination Process below.

Board s Role in Risk Oversight

One of the key responsibilities of the Board is to develop strategic direction for the Company, and provide management oversight for the execution of that strategy. The Board regularly reviews information regarding our financial, strategic and operational issues, as well as the risks associated with each. Consequently, the Board has determined that the Board of Directors as a whole, and not a separate committee, will oversee our risk management process.

While the Board oversees the enterprise-wide risk management system, each of our Board committees has historically focused on specific risks within their areas of responsibility and will continue to do so. Each committee s specific area of responsibility is as follows:

- The Audit Committee oversees the management of financial risks, reporting on such matters to the full Board. The Audit Committee s agendas include discussions of individual risk areas throughout the year, and the Audit Committee monitors management s responsibility to identify, assess and manage risks.

- The Compensation Committee is responsible for overseeing our executive compensation programs, and reviewing risks relating to our overall compensation plans and arrangements.

- The Nominating and Corporate Governance Committee manages risks associated with potential conflicts of interest, and reviews governance and compliance issues with a view to managing associated risks, including oversight of our compliance program with respect to our Code of Business Conduct and Ethics.

While each committee is responsible for regularly reviewing, evaluating and overseeing the management of such risks, the Board of Directors is regularly informed through committee reports about such risks. In addition, the Board and the committees receive regular reports from our Chief Financial Officer, General Counsel, Chief Operating Officers, Executive and Senior Vice Presidents, and other Company officers and personnel with roles in managing risks. However, our General Counsel and head of internal audit are the primary personnel responsible to the Board in the planning, assessment and reporting of our risk profile.

Board Leadership

We do not have a policy requiring that different persons hold the positions of Chairman of the Board and Chief Executive Officer. Rather, our Corporate Governance Guidelines provide that the Board is free to select the Chairperson of the Board and Chief Executive Officer in any way it deems best for the Company at any point in time, including the ability to determine whether the positions should be combined or separate. This discretion provides the Board the opportunity to evaluate regularly whether the Company is best served at any particular time by having the Chief Executive Officer or another director hold the position of Chairman. The Nominating and Corporate Governance Committee makes recommendations on this issue, and our Board considers the issue carefully in light of the structure the Board believes will be in the best interest of the Company and our shareholders.

Our Board of Directors has determined that at this time it is in the best interests of the Company and our shareholders for our Chief Executive Officer, Paul Finkelstein, to continue to hold the position of Chairman of the Board, a position he has held since 2004. The Board believes that this leadership structure has worked well for several reasons, among them:

- Our Board is largely independent, in make-up and in operation. We have a super-majority of independent directors and our Corporate Governance Guidelines require that the Board include at least a majority of independent directors. Our independent directors meet in executive session without the Chief Executive Officer at every regularly scheduled Board meeting to discuss, among other matters, the performance of the Chief Executive Officer. Board members have complete access to and are encouraged to utilize members of the Company s senior management regularly, and they have the authority to retain independent advisors as they deem necessary.

- Much of the work of the Board is conducted through its committees. Our Board has three standing committees: Audit, Compensation, and Nominating and Corporate Governance. As required by our Corporate Governance Guidelines, each of the Board committees is comprised solely of independent directors, with each of the three committees having a separate chair. Our committees also meet in executive session, without management present, from time to time.

- Our Nominating and Corporate Governance Committee conducts an annual board assessment which includes issues of Board structure and director performance, and makes recommendations from time to time to the Board on these matters.

- Our Chief Executive Officer is the director most familiar with our business and industry, and can lead the Board in identifying and prioritizing our strategies and initiatives.

- The combined role facilitates communication between the Board and management, and promotes development and implementation of our Board approved corporate strategies.

While the Board believes that the current leadership structure continues to be in the best interests of the Company and its shareholders, the Board has determined, based on changing circumstances, to separate these positions in the future. For example, the board leadership structure will change in fiscal 2012 such that the positions of Chief Executive Officer and Chairman will be held by different persons. This change shall occur after our current Chief Executive Officer retires from that position, which is expected to occur on February 8, 2012, but continues to serve as the Chairman of the Board for the Company as we transition in a new Chief Executive Officer. Please see Summary of Executive Agreements - *Employment Agreement with Paul Finkelstein, Chairman & CEO* below for more information. In addition, our Board has determined to appoint an independent Chairman of the Board on or before July 1, 2012.

Board Meetings and Attendance

The Board held 15 meetings during the fiscal year ended June 30, 2011. Each of the then serving directors attended, in person or by teleconference, at least 75% of the meetings of both the Board and Board committees on which he or she served. Our Board does not have a formal policy relating to Board member attendance at annual meetings of shareholders; however, our directors are encouraged to attend the meeting each year. Each of the then-serving directors attended the 2010 annual meeting of shareholders.

The following table shows the number of meetings held in fiscal 2011 and the names of the directors currently serving on each committee:

Committee	Number of Meetings During Fiscal 2011	Members
Audit	4	Rolf Bjelland* Joel Conner Van Zandt Hawn Stephen Watson
Compensation	5	Susan Hoyt* Rolf Bjelland Joel Conner Stephen Watson
Nominating and Corporate Governance	4	Van Zandt Hawn* Joel Conner Susan Hoyt Stephen Watson

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* Committee Chair

Director Nomination Process

The Nominating and Corporate Governance Committee is responsible for screening and recommending director candidates to the full Board for nomination. The Nominating and Corporate Governance Committee will consider nominations received from our shareholders, provided that proposed candidates meet the requisite director qualification standards discussed below. When appropriate, the Committee will also engage an independent third-party search firm. The Committee will then evaluate the resumes of any qualified candidates recommended by shareholders and search firms, as well as by members of the Board. Generally, in order to be considered for nomination, a candidate must have:

- high professional and personal ethics and values;
- a strong record of significant leadership and meaningful accomplishments in his or her field;
- broad experience;
- the ability to think strategically;
- sufficient time to carry out the duties of Board membership; and
- a commitment to enhancing shareholder value and representing the interests of all shareholders.

Candidates are evaluated based on these qualification standards and the current needs of the Board, with due consideration of the requirement of our Corporate Governance Guidelines and NYSE and SEC regulations that at least a majority of our Board consist of independent directors. In addition, when considering nominees to the Board and in evaluating the composition of the Board as a whole, the Nominating and Corporate Governance Committee considers the value of diversity. Although we do not have a specific policy on diversity, the Nominating and Corporate Governance Committee considers diversity of gender, race, national origin, and executive or professional experience, including skills such as an understanding of the retail industry, the hair-care market, finance, accounting, marketing, technology, and international experience, when considering nominees. The Company believes that the principal qualification of a prospective director is the ability to act effectively on behalf of all shareholders.

Mr. Merriman was identified as a potential director nominee by a financial advisor to the Company. Upon raising Mr. Merriman as a potential director nominee with the Board, the Company was advised that one of the non-management directors knew Mr. Merriman from his involvement in Students in Free Enterprise, a non-profit organization.

All shareholder nominations must be accompanied by a candidate resume which addresses the extent to which the nominee meets the director qualification standards. Nominations will be considered only if we are currently seeking to fill an open director position. All nominations by shareholders should be sent to the Chairperson of the Nominating and Corporate Governance Committee c/o the Corporate Secretary, Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The Compensation Discussion and Analysis (CD&A) describes the basic objectives, principles, decisions and rationale underlying our compensation policies and decisions as well as the material elements of the compensation of our executive officers identified in the Summary Compensation Table on page [ ] (the Named Executive Officers or NEOs). The CD&A should be read in conjunction with the compensation tables beginning on page [ ].

Executive Summary

Fiscal 2011 presented a very challenging economic environment in the retail industry, as consumer discretionary spending was impacted by a range of adverse economic developments which adversely affected our same store sales revenues. However, our compensation decisions for fiscal 2011 corresponded to the impact of the economic developments. For example, executive officer base salary increases for fiscal 2011 were limited to 2%, except for those executive officers who received promotions. Similarly, although we achieved our EBITDA target under our annual incentive compensation plan, we did not achieve any of the four business goals we had set and, therefore, no payout was made with respect to the business goal portion of the program. Accordingly, annual non-equity incentive compensation payouts for fiscal 2011 for our executive officers were 75% lower (as a percentage of base salary) than for fiscal 2010. Moreover, although our financial performance in recent years has been disappointing, the total compensation of our NEOs has also declined over the last two fiscal years.

The table below reflects the decrease in total compensation (excluding, in the case of Messrs. Kartarik and Johnson, the amount of benefits paid or payable to them in connection with their separation from the Company) over the last three fiscal years:

Named Executive Officer	Year	Total Compensation($)	Percentage Decrease Over Prior Fiscal Year (%)
Paul D. Finkelstein	2011	2,641,500	(40.8)
	2010	4,462,333	(40.7)
	2009	7,520,788	
Randy L. Pearce	2011	1,462,632	(18.0)
	2010	1,784,111	(9.6)
	2009	1,972,699	
Brent A. Moen	2011	650,658	N/A
Gordon B. Nelson	2011	1,113,381	(29.0)
	2010	1,567,713	(5.8)
	2009	1,664,994	
Mark Kartarik	2011	1,104,603	(23.0)
	2010	1,434,912	(3.9)
	2009	1,492,393	

Bruce Johnson	2011	962,426	(21.4)
	2010	1,224,507	(11.6)
	2009	1,385,492	

Although the Company s financial performance has been disappointing in the last few fiscal years, we remain steadfastly optimistic about the future as fiscal 2011 was the beginning of many transitions for us, including:

- We publicly announced several senior management changes, including the appointment of a new President and a new Chief Financial Officer, as well as the upcoming retirement of our current Chief Executive Officer. We also reorganized our management structure and transitioned the responsibilities of two executive officers who departed the Company to other officers. We also finalized the details of a consulting arrangement with another executive officer who will depart the Company in 2012. We structured certain of our executive compensation components to reflect these changes, such as implementing a cash incentive for our Chief Executive Officer to assist in the smooth transition of his duties over the next several months.

- We made the decision not to increase executive officer base salaries for fiscal 2012, which is consistent with our decision to hold base salaries flat for our home-office corporate employees generally, and to demonstrate our commitment to improving our profitability.

- We revised our annual incentive compensation program to focus on same-store sales performance, which is a particular area of focus for our financial results internally, as well as among our shareholders, and increase the minimum level of achievement of our EBITDA target required for any annual incentive payout.

We believe that these, and other related changes, position us well to improve our financial results and increase shareholder value over the long-term.

Over the past few years, we have adopted and continued several executive compensation governance best practices, including:

- We ceased providing change in control benefits for all employment agreements entered into after 2008;

- We eliminated gross-ups for regular federal, state and other taxes due on amounts received upon a change in control (other than excise taxes due on parachute payments) in exchange for which we will provide a fixed equity grant to each affected employee;

- We limited the perquisites we provide to our executives;

- We eliminated the executive life insurance benefit for new executive officers;

- We implemented stock ownership requirements for our NEOs;

- We updated our insider trading policy to prohibit all employees, officers and directors from engaging in transactions that hedge their investments in our stock; and

- Our Compensation Committee continues to work with an independent executive compensation consultant to assist in the design of and provide recommendations on our compensation programs and levels.

Our Compensation Committee continues to review regulatory developments and other best practices affecting executive compensation and will continue to recommend and approve changes to the design and implementation of our executive compensation programs.

Compensation Philosophy

The compensation programs for our executive officers have been established and maintained by the Compensation Committee (referred to as the Committee in the Executive Compensation section of this Proxy Statement) and are structured to motivate our executive officers, including our NEOs, to achieve the pre-established business goals set by the Board. Our compensation programs are intended to work together to reward our executive officers for achieving our financial and business goals, to induce their commitment and continued service with the Company, and to align their interests with those of our shareholders through equity compensation and stock ownership requirements. The Committee has established an executive pay philosophy that targets total remuneration (i.e., base salary + annual and long-term incentives + benefits) around the market median, relative to our Peer Group (identified below) as well as the broader retail market, subject to adjustments in the Committee s discretion based on company-wide and individual performance factors.

As described in more detail below, the Committee reviews and approves each element of compensation and the level of each element for our executive officers, including the NEOs. In its review, the Committee looks at peer group information to assess the appropriateness of the mix of compensation elements and the targeted levels of rewards for each compensation element, but does not use a particular formula for determining the exact mix or amount of compensation. Accordingly, while the Committee strives to structure a total compensation package that is competitive with the market median, the Committee has discretion to make subjective determinations based on its perceptions of both company-wide and individual performance when selecting the mix and levels of compensation. Since total remuneration for our executive officers is driven by market compensation levels, most of the Committee s decisions are made on the basis of information on market practices provided by Hay Group, an independent consulting firm that provides executive compensation consulting services to the Committee.

The compensation paid to the NEOs in fiscal 2011 was determined primarily by making incremental changes to our historical compensation programs that have developed based on our compensation philosophy. The Committee s ability to rely primarily on historical compensation programs with only incremental changes is due, in part, to the fact that many of our executive officers have been employed by Regis for many years and are familiar with the general programs. While the Company s compensation programs are largely based on historic practice, the Committee continually evaluates the program and its appropriateness. In fiscal 2009, the Compensation Committee engaged Hay Group to conduct a comprehensive review of the Company s executive compensation and incentive programs. As a result of this review, modifications were made to the Company s historic compensation programs to ensure alignment with business plans going forward. These modifications, as well as further refinements made in fiscal 2011, are discussed in more detail below.

Compensation Committee Responsibilities

The Committee is charged with developing and administering the base salary, annual and long-term incentive, and benefit programs for our executive officers. Our annual incentive program is typically referred to as our bonus program and it is reported as Non-Equity Incentive Plan Compensation in the Summary Compensation Table. In developing the compensation programs, a basic objective for the Committee is that the total compensation awarded to the NEOs be fair, reasonable and competitive in relation to the median compensation for similar positions at our peer group of companies, as identified below (the Peer Group), as well as in the broader retail market. This objective is consistent with our executive pay philosophy.

The primary purpose of the Committee is to discharge the responsibilities of the Board relating to the compensation of our executive officers. The duties and responsibilities of the Committee are:

- to determine and approve, or make recommendations to the Board with respect to, the compensation of all executive officers; and

- to consider and recommend the structure of, and changes in, our incentive compensation and equity-based plans.

In fiscal 2011, the Compensation Committee engaged Hay Group, Inc. (Hay Group) as an independent consulting firm to provide executive compensation consulting services to the Committee. Hay Group works at the direction of the Committee as an independent advisor.

Role of Executive Officers in Compensation Decisions

The Committee believes that in order for our executive compensation programs to be effective, management must have an opportunity to provide input. Committee meetings are regularly attended by our Chief Executive Officer; President; Chief Financial Officer; Executive Vice President and General Counsel; and other executives as needed. In particular, our Chief Executive Officer has an opportunity to present materials and discuss management s views regarding compensation issues. Our Chief Executive Officer furnishes his input to the Committee on the compensation of the Company s executive officers, including the other NEOs, and he may be present during deliberations and voting on the other executives compensation. However, our Chief Executive Officer may not be present during deliberations and voting regarding his own compensation, as well as during other executive sessions of the Committee.

Setting Compensation

In General

In advising the Committee, Hay Group prepares competitive pay analyses regarding both the Peer Group (discussed in the next paragraph) and the broader retail market and provides information on our performance compared to the Peer Group. Based on these analyses, Hay Group advises the Committee on the level and design of compensation programs for our executive officers. The Chairperson of the Committee works directly with Hay Group to determine the scope of the work needed to assist the Committee in its decision-making processes. Hay Group works with management, at the direction of the Committee, to gain a better understanding of our pay policies and practices and to facilitate the development of our compensation strategies and approach to determining compensation levels.

Our Peer Group

In making overall compensation decisions, the Committee compares each element of total compensation against the Peer Group data and against broader retail market data, each as presented by Hay Group. The Peer Group used by the Committee to benchmark the compensation of our NEOs was last reviewed and modified during fiscal 2009. We expect to review the composition of the Peer Group periodically and adjust it as the Committee determines to reflect changes at Regis or at members of our Peer Group (e.g., changes in lines of business, mergers, acquisitions, spin-offs and the like). Since we do not believe that there are any companies that are direct competitors or peers within our industry, we have selected companies for our Peer Group based on the following criteria, which are representative of our key business characteristics:

- Annual revenues on a system-wide basis between one-half to two times our revenue;
- Small box specialty retail and service companies;
- Customer service element is critical to business;
- Exclusion of apparel companies, due to the increased risk such companies confront in forecasting fashion trends far enough in advance to order products and manage inventory; and
- Companies targeting a moderate customer in terms of income and style.

We believe each company in our current 14-member Peer Group meets a majority of those criteria. The companies are:

- Advanced Auto Parts, Inc.
- Auto Zone, Inc.
- Brinker International, Inc.
- CBRL Group, Inc.
- DineEquity, Inc.
- Foot Locker, Inc.
- Game Stop Corp.
- H&R Block, Inc.
- Jack in the Box, Inc.
- Papa John s International, Inc.
- PetSmart, Inc.
- Radio Shack Corp.
- Service Corporation International
- Starbucks Corp.

The Peer Group provides direct information on a job title match basis (e.g., Chief Executive Officer, Chief Financial Officer) for incumbent executives at the companies with which we compete for executive talent. In addition, Hay Group s Retail Industry Total Remuneration Survey (the Hay Group Survey or the Survey) is used to provide an additional benchmark for compensating the NEOs and furnishes compensation data on the broader retail marketplace (covering over 100 organizations, a majority of which are specialty stores). The Survey provides the Committee with information on the broader market that the Company competes in and how the Peer Group compares to this broader market. The compensation data utilized from the Survey is selected based on job content since data based on matching titles derived from proxy statement information may not be available or may not adequately represent the actual job content of our executive officers. The list of Survey participants can be found at the following website: http://www.haygroup.com/Downloads/us/misc/2011_Hay_Group_Retail_TR_LOP.pdf

The data from the Peer Group and the Hay Group Survey includes base salary, annual non-equity incentive and equity incentive compensation and benefits and perquisites for the named executive officers of those companies. The data provides the Committee with market information for executives and accounts for the considerable variation in compensation that corresponds to differing levels of responsibility and duties by title and function among our NEOs.

Compensation Elements

In General

The compensation and benefits programs for our NEOs are intended to work together toward the recruitment, retention and motivation of the executive talent required to successfully manage and grow our business and to achieve our short- and long-term business objectives. Individual elements of our compensation packages are designed for different purposes. The elements of compensation for our NEOs are:

- Base salary, which is designed to attract and retain executives over time;

- Annual non-equity incentive compensation, which is designed to focus executives on achieving the business objectives established by the Board for a particular year, including specific objectives related to growth in our earnings before interest, taxes, depreciation and amortization (EBITDA). For the fiscal year ended June 30, 2011, EBITDA was calculated as net income (loss) plus income taxes, interest expense, depreciation and amortization and goodwill impairment, less non-operational and unbudgeted expenses. In fiscal 2011, the Committee made the decision to exclude expenses related to: the exploration of strategic alternatives, compliance with the healthcare reform act, increases in state unemployment and/or other employment taxes, and any expenses related to acquisitions, settlements and severance payments;

- Long-term equity incentive compensation, consisting of stock options, stock appreciation rights (SARs), restricted stock and restricted stock units (RSUs), which is designed to focus executives on the long-term success of the Company, as reflected in increases in our stock price, and to encourage stock ownership that aligns the interests of our executives with those of our shareholders; and

- Benefits, which are designed to provide long-term executive retention and commitment to the Company.

In addition, NEOs may receive termination or change in control compensation and benefits. Termination compensation and benefits are designed to ease an employee s transition due to an unexpected employment termination, while change in control compensation and benefits are designed to encourage employees to remain focused on our business in the event of rumored or actual fundamental corporate changes.

The Committee has a long-standing total remuneration (i.e., base salary + annual and long-term incentives + benefits) executive pay philosophy that aims to provide an aggregate compensation package that is competitive around the median of the market relative to both our Peer Group and the broader retail market covered by the Hay Group Survey, while individual compensation elements may exceed or lag the market median. To this end, the Committee establishes the amount and mix of base salary and incentive compensation by referencing market practices for total compensation and for each element, subject to adjustments in the Committee s discretion based on company-wide and individual performance factors. In developing the total compensation package for an NEO, the Committee considers the internal relationship of pay across all executive positions. The Committee structures annual non-equity incentive compensation in a manner that provides the opportunity to earn above market compensation for results above target and below market compensation when the target is missed.

Base Salary

The Committee views a competitive base salary as an important component to attract and retain executive talent. Base salaries also serve as the foundation for the annual non-equity incentive plan, which expresses the bonus opportunity as a percent of base salary.

The Committee considers internal pay practices and external competitiveness in determining the base salary of our NEOs. The Committee strives to set a base salary that is appropriately competitive for each executive officer based on our executive pay philosophy and given his or her individual experience and performance. This approach is applied consistently for all executive officers. After considering input from our Chief Executive Officer regarding the performance of the other NEOs, the Committee uses its judgment regarding individual performance, market competitiveness, length of service and other factors, including Company performance, that it deems relevant to determine the appropriate base salary and size of any salary increase for each NEO. The review of individual performance includes a specific review of the individual performance of Messrs. Finkelstein and Pearce conducted jointly by the Committee and the Nominating and Corporate Governance Committee, and more general reviews of the individual performance of the other NEOs, focused primarily on the scope of responsibilities of each NEO.

Base Salary Decisions for Fiscal 2011

The base salaries paid in fiscal 2011 to each of our NEOs are shown under the Salary column of the Summary Compensation Table. Changes in base salaries are typically considered by the Committee in April (to be effective in July) each year. In April 2010 increases in base salaries for our NEOs for fiscal 2011 were limited to 2% based on relative market data and average increases in the market. Two of the NEOs, the President (Mr. Pearce) and the SVP and Chief Financial Officer (Mr. Moen), received base salary increases in fiscal 2011 in excess of the 2% adjustment in connection with their promotions and additional job responsibilities they acquired as part of the Company s management reorganization (as described in the Executive Summary). Mr. Pearce was promoted from Senior Executive Vice President, Chief Financial and Administrative Officer to President, and Mr. Moen was promoted from VP, Finance to SVP and Chief Financial Officer of the Company. The base salary increases were between 15% and 20%, consistent with similar promotional increases and reflective of the additional job duties for these positions. In April 2011, the Committee decided that there would be no increases in base salary for our home-office corporate employees, including our NEOs, for fiscal 2012 due to the Company s streamlined focus for fiscal 2012 on improving profitability and increasing shareholder value.

Annual Non-Equity Incentive Compensation

Annual non-equity incentive compensation for our NEOs is determined each year under the Short Term Plan. The annual non-equity incentive compensation earned by our NEOs for fiscal 2011 is reported under the Non-Equity Incentive Plan column of the Summary Compensation Table. Annual cash bonus amounts are governed by the Short Term Plan and the annual bonus performance criteria and bonus payout levels are set each year by the Committee, in accordance with the terms of the Short Term Plan. Bonus payouts for fiscal 2011 were based on EBITDA as well as the achievement of enumerated business and financial goals, and in fiscal 2012 will be based on EBITDA and same-store sales performance (see discussion below).

Each year, the Committee evaluates our annual and long-term strategic plan to determine if the financial metrics are appropriate to measure achievement of our objectives and to motivate executives. Based on discussions with our Chief Executive Officer, our President, and our Chief Financial Officer the Board determines the financial metrics to be included in the annual bonus opportunity. The metrics are generally approved in April each year for the fiscal year beginning in July.

Annual Non-Equity Incentive Compensation Decisions for Fiscal 2011

The Committee believes that the Company has moved from a growth company to a more mature company, and related to this transition, the Committee has expanded the determinants which drive the bonus opportunity to include both a financial metric as well as the achievement of business targets. In 2011, EBITDA was selected given its focus on operating earnings and cash management as a means to maintain focus on operations, cash flow and liquidity. In addition to the attainment of established EBITDA levels, a portion of the annual incentive compensation is also based on achievement of several business goals that encompass various aspects of our financial and operating performance, which the Committee believes is appropriate for a more mature company and will have a positive impact on EBITDA in the future.

Under the bonus program, the annual incentive compensation opportunity is evenly split between the EBITDA performance measure and business goal achievement. However, payout for achievement of the established business goals is also conditioned on achieving a minimum EBITDA trigger. The trigger for 2011 was set at 70% of the EBITDA target approved by the Compensation Committee (the EBITDA Trigger). The EBITDA Trigger is designed to protect the Company against paying out bonuses without meeting a minimum level of financial performance. On the other hand, to encourage and reward exceptional performance, stretch goals are included whereby participants had the ability to earn (for fiscal 2011) up to 130% of the annual incentive target if 105% of the EBITDA target and all of the business goals were achieved. Any payout from the program will occur only after the Committee approves the achievement of the Company s EBITDA and business goals, which normally occurs in August, after the end of the fiscal year. In fiscal 2011, the Committee made the decision to exclude certain non-operational and unbudgeted items from the calculation of EBITDA and each of the financial metric business goals, including expenses related to the exploration of strategic alternatives, costs related to the healthcare reform act, increases in state unemployment and or other employment taxes, and any expenses related to acquisitions, re-imaging and settlement and severance actions. The business goals for fiscal 2011 covered a range of business-enhancing objectives, consisting of reducing home office general and administrative expense, improvement of consolidated service margins, improving same-store customer counts and attainment of targeted increase in certain franchise store openings, each as described in more detail below.

Upon achievement of the EBITDA Trigger, the annual non-equity incentive program provides three levels of bonus opportunity Maximum , Target and Threshold . The potential earnings or Payouts for each level is based on a percentage of the executive s base salary. The percentage of base salary varies based on payout level (i.e., minimum or Threshold , Target and Maximum) and an executive s level with the Company (i.e., CEO, EVP, etc.). The potential bonus payouts under each level for fiscal 2011 are set forth in the tables below and are described as follows:

- The Maximum level of performance, defined as a super stretch goal, provided the possibility of earning a bonus payout of 65% of the Target bonus for achievement of each of (1) 105% of the target EBITDA; and (2) all four of the established business goals, for a possible total 130% bonus payout. Maximum Payout is expected to have a 10% to 20% probability of achievement and results in a bonus payment equal to 42.25%, 32.5%, 29.25%, 26% and 19.5% of base salary for our CEO, President, EVPs, SVPs, and VPs respectively (or 84.5%, 65%, 58.5%, 52% and 39% for attainment of both of the Maximum EBITDA and business goal bonus requirements).

- The Target level of performance has some stretch associated with it and provided the opportunity to earn a bonus payout equal to 50% of the Target bonus for achievement of each of (1) 100% of the target EBITDA; and (2) three of the four established business goals, for a possible total 100% bonus payout. Target Payout is expected to have a 50% probability of achievement and results in a bonus payment equal to 32.5%, 25%, 22.5%, 20% and 15% of base salary for our CEO, President, EVPs, SVPs and VPs respectively (or 65%, 50%, 45%, 40% and 30% for attainment of both of the Target EBITDA and business goal bonus requirements).