

REGIS CORP  
Form PRER14A  
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. 1)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.  
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**Explanatory Note**

This Amendment No. 1 to the Schedule 14A filed earlier today is filed for the sole purpose of including Appendix A to the proxy statement, which was inadvertently omitted from the prior filing.

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**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

**To Be Held**

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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.

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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](http://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*



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**PROXY STATEMENT**

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**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

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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.

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*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

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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*



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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.**

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](http://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](http://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;

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- 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](http://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

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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 r