Annual Report on Form 10-K
Notice of 2015 Annual Meeting
Proxy Statement

2015 annual report

REGIS CORPORATION

REGIS CORPORATION

To Our Shareholders

As we finish our fiscal year, it is time to look back and reflect on where we have taken Regis over the past three years. As you have listened to our earnings calls or read our press releases you know we are focused on our stylists. In 2015 we continued on our path to making Regis the place for stylists to have successful and satisfying careers. While this strategy is simple, it is powerful and effective. We know it is through the success and satisfaction of our stylists we earn the repeated trust of our guests.

The majority of our initiatives and investments have been focused on making our stylists' experience better. These investments and initiatives resulted in change. Change is never easy, but it was necessary to lay the foundation for a transformation of our culture to one that is performance based. We commenced this strategy in mid-2013, and I am pleased to share that after many years of traffic declines, this past year we began to stabilize the business.

I believe it is important to let you know we have remained true to our strategy and are hard at work to build the performance-based culture that generates consistent, profitable sales growth. We made significant strides in strengthening our senior leadership team, attracting top talent from retail and service leaders such as Target, Ameriprise, Unilever, Home Depot, CVS and The Gap. Our leadership team is dedicated to making Regis the place for stylists and understands changing the culture in 7,000 salons and with 47,000 employees takes time, discipline and consistency. We have remained focused on Leadership Development of our field operators and salon leaders, Asset Protection for our salons and stylists, and Technical Education for our stylists. We redeployed many of our expenses to put in place the capabilities we need to execute these initiatives and create the cultural transformation necessary to drive growth in revenues and cash flow. Our G&A is approximately $26 million less than 2011, despite inflationary pressures, and we have added a Human Resources team, an Asset Protection team and are building a Technical Training team. While we made significant investments in these areas, we reduced our G&A expenses and will continue to be prudent in our management of expenses and capital.

This work is focused on transitioning to a performance-based culture to generate consistent profitable revenue growth. One of the key tenets to making this transition was aligning the economic interests of our field operators, management and shareholders. Our field operators are now paid based on their ability to increase salon revenue and cash flow, and our corporate team members are incentivized to drive increases in cash flow per share. The program to incentivize cash flow per share increases is consistent with our capital allocation policy and one we believe, over time, will lead to increases in shareholder value.

Throughout the turnaround, we have maintained a strong balance sheet and are fixing the business within the P&L and generating free cash flow. To date, we are predominately using our excess cash to buy back our shares. As our operational abilities improve, we will continue to be thoughtful about balancing the repurchase of shares with allocating more capital to salon growth, increasing opportunities for stylists and earning attractive returns on capital.

When I joined Regis, we set out to turn the business around and build the foundation that has begun to stabilize our performance. It has been challenging, though I am immensely proud of the team's perseverance and innovation throughout this process. This has been an important step in our evolution to realizing the potential of Regis. It is not yet a time to celebrate, but rather a time to recalibrate and shift our focus to the potential of each of our salons.

I would like to thank our 47,000 employees around the world for their dedication to making Regis a great place for stylists to have successful and satisfying careers. I would also like to thank our shareholders for their continued support and patience as we execute our strategy and position Regis for long-term growth and profitability.

Sincerely,

Dan Hanrahan
Chief Executive Officer and President
Regis Corporation

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

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended June 30, 2015

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-12725

Regis Corporation

(Exact name of registrant as specified in its charter)

Minnesota	**41-0749934**
State or other jurisdiction of incorporation or organization	(I.R.S. Employer Identification No.)
7201 Metro Boulevard, Edina, Minnesota	**55439**
(Address of principal executive offices)	(Zip Code)

(952) 947-7777

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.05 per share	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting common equity held by non-affiliates computed by reference to the price at which common equity was last sold as of the last business day of the registrant's most recently completed second fiscal quarter, December 31, 2014, was approximately $734,315,533. The registrant has no non-voting common equity.

As of August 24, 2015, the registrant had 52,998,021 shares of Common Stock, par value $0.05 per share, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement for the annual fiscal 2015 meeting of shareholders (the "2015 Proxy Statement") (to be filed pursuant to Regulation 14A within 120 days after the registrant's fiscal year-end of June 30, 2015) are incorporated by reference into Part III.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report, as well as information included in, or incorporated by reference from, future filings by the Company with the Securities and Exchange Commission and information contained in written material, press releases and oral statements issued by or on behalf of the Company contains or may contain "forward-looking statements" within the meaning of the federal securities laws, including statements concerning anticipated future events and expectations that are not historical facts. These forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements in this document reflect management's best judgment at the time they are made, but all such statements are subject to numerous risks and uncertainties, which could cause actual results to differ materially from those expressed in or implied by the statements herein. Such forward-looking statements are often identified herein by use of words including, but not limited to, "may," "believe," "project," "forecast," "expect," "estimate," "anticipate," and "plan." In addition, the following factors could affect the Company's actual results and cause such results to differ materially from those expressed in forward-looking statements. These factors include the continued ability of the Company to execute on our strategy and build on the foundational initiatives that we have implemented; the success of our stylists and our ability to attract, train and retain talented stylists; changes in regulatory and statutory laws; changes in tax rates; the effect of changes to healthcare laws; our ability to manage cyber threats and protect the security of sensitive information about our guests, employees, vendors or Company information; reliance on management information systems; reliance on external vendors; changes in distribution channels of manufacturers; financial performance of our franchisees; internal control over the accounting for leases; competition within the personal hair care industry; changes in interest rates and foreign currency exchange rates; failure to standardize operating processes across brands; the ability of the Company to maintain satisfactory relationships with certain companies and suppliers; the continued ability of the Company to implement cost reduction initiatives; compliance with debt covenants; changes in economic conditions; financial performance of our investment with Empire Education Group; changes in consumer tastes and fashion trends; or other factors not listed above. Additional information concerning potential factors that could affect future financial results is set forth under Item 1A of this Form 10-K. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. However, your attention is directed to any further disclosures made in our subsequent annual and periodic reports filed or furnished with the SEC on Forms 10-Q and 8-K and Proxy Statements on Schedule 14A.

REGIS CORPORATION
FORM 10-K
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
INDEX

PART I

Item 1. Business

General:

Regis Corporation owns, franchises and operates beauty salons. The Company is listed on the NYSE under the ticker symbol "RGS." Unless the context otherwise provides, when we refer to the "Company," "we," "our," or "us," we are referring to Regis Corporation, the Registrant, together with its subsidiaries.

As of June 30, 2015, the Company owned, franchised or held ownership interests in 9,556 locations worldwide. The Company's locations consist of 9,349 company-owned and franchised salons and 207 locations in which we maintain a non-controlling ownership interest of less than 100%. Each of the Company's salon concepts generally offer similar salon products and services and serve the mass marketplace.

The major services supplied by the Company's salons are haircutting and styling (including shampooing and conditioning), hair coloring and other services. The percentage of company-owned service revenues in each fiscal year 2015, 2014, and 2013 attributable to haircutting and styling, hair coloring and other services were 72%, 19% and 9%, respectively.

During the second quarter of fiscal year 2014, the Company redefined its operating segments to reflect how the chief operating decision maker evaluates the business as a result of restructuring the Company's North American field organization. The Company now reports its operations in three operating segments: North American Value, North American Premium and International. Prior to this change in organizational structure, the Company had two reportable operating segments: North American salons and International salons.

The Company's North American Value salon operations are comprised of 5,923 company-owned salons and 2,324 franchised salons operating in the United States, Canada, and Puerto Rico. The Company's North American Premium salon operations are comprised of 746 company-owned salons operating in the United States, Canada, and Puerto Rico. The Company's International operations are comprised of 356 company-owned salons in the United Kingdom. The Company's salons operate primarily under the trade names of SmartStyle, Supercuts, MasterCuts, Regis Salons, and Cost Cutters, and they generally serve two categories within the industry, value and premium. SmartStyle, Supercuts, MasterCuts, Cost Cutters, and other regional trade names are generally within the value category, offering high quality, convenience, and affordably priced hair care and beauty services and retail products. Regis Salons, among other trade names, are in the premium category offering upscale hair care and beauty services and retail products. The Company's North American Value business is located mainly in strip center locations and Walmart Supercenters and the North American Premium business is primarily in mall based locations. During fiscal years 2015 and 2014, the number of guest visits at the Company's company-owned salons approximated 76 and 79 million, respectively. Concurrent with the change in reportable operating segments, the Company revised its prior period financial information to conform comparable financial information to the new segment structure. Historical financial information presented herein reflects this change.

Financial information about our segments and geographic areas for fiscal years 2015, 2014, and 2013 are included in Note 14 to the Consolidated Financial Statements in Part II, Item 8, of this Form 10-K.

Since fiscal year 2012, the Company has been evaluating its portfolio of assets, investments, and businesses, with the strategic objective of simplifying our business model, focusing on our core business of operating beauty salons, improving our long-term profitability and maximizing shareholder value. This evaluation led to several sales during fiscal year 2013. In April 2013, the Company sold Hair Club for Men and Women (Hair Club) for $164.8 million. See Note 2 to the Consolidated Financial Statements. In September 2012, the Company sold its 46.7 percent equity interest in Provalliance for $103.4 million. See Note 5 to the Consolidated Financial Statements. Future sales of non-core assets could impact our operations by decreasing total revenues, operating expenses, and income or loss from equity method investments.

Industry Overview:

The hair salon market is highly fragmented, with the vast majority of locations independently owned and operated. However, the influence of salon chains, both franchised and company-owned, continues to grow within this market. Management believes salon chains will continue to have significant influence on this market and will continue to increase their presence.

In every area in which the Company has a salon, there are competitors offering similar hair care services and products at similar prices. The Company faces competition from smaller chains of salons such as Great Clips, Fantastic Sams, and Sport Clips, independently owned salons and department store salons located within malls.

At the individual salon level, barriers to entry are low; however, barriers exist for chains to expand nationally due to the need to establish systems and infrastructure, to recruit experienced field and salon management and stylists, and to lease quality sites. The principal factors of competition in the hair care category are quality, consistency and convenience. The Company continually strives to improve its performance in each of these areas and to create additional points of differentiation versus the competition.

Mission and Strategies:

The Company's long-term mission is to create guests for life. To successfully achieve our mission and build a winning organization, we must be the place where stylists can have successful and satisfying careers, which will drive great guest experiences and in turn, guests for life. Our key strategies and priorities remain the same and are well aligned, focusing on people, processes and metrics to drive execution and performance. Our key strategies follow:

1. Earn the Hearts and Minds of Our Team
2. Develop High Performing Leaders
3. Drive Guest Loyalty through Experience
4. Operational Excellence through Simplicity

Our stylists' ability to serve our guests in a professional, courteous, and friendly manner is the most critical element of our service model in cultivating strong guest relationships. Great stylists, coupled with high quality service, convenience, affordability, an inviting salon appearance and atmosphere, and comprehensive retail assortments create guests for life. We are committed to providing an outstanding guest experience that drives guest loyalty and repeat business. To that end, we are investing in a number of areas focused on delivering that promise and helping our stylists have successful careers, including investments in organization, training and technology.

Stylists

Creating an organization where stylists can have successful and satisfying careers leads to improved execution, and in turn, great guest experiences.

Field Leadership. In fiscal year 2014, we completed the reorganization of our field organization to enable localized mentoring and decision making, improve geographic proximity and increase local market efficiency. Development of our field leaders is a high priority because stylists depend on their salon and field leaders for coaching, mentoring and motivation. Our training curriculum serves as the foundation for ongoing leadership development. Role clarity and talent assessments help us identify ways to develop and upgrade field leadership. Execution disciplines are used to drive accountability, execution and business performance. Incentives are designed to align field interests with those of the Company's shareholders by rewarding behaviors focused on profitable revenue growth. This organization structure also provides a clear career path for our people who desire to ascend within the Company.

Technical Education. Our technical education program is becoming a key point of difference in attracting and retaining stylists. Stylists place a tremendous amount of importance in ongoing development of their craft. They deliver a superior experience for our guests when they are well trained technically and experientially. We employ technical trainers who provide new hire training for stylists joining the Company from beauty schools and training for all stylists in current beauty care and styling trends. We supplement internal training with targeted vendor training and external trainers who bring specialized expertise to our stylists. We utilize training materials to help all levels of field employees navigate the running of a salon and essential elements of guest service training within the context of brand positions.

Recruiting. Ensuring we keep our salons fully staffed with great stylists is critical to our success. To that end, we are enhancing our recruiting efforts across all levels within our organization. We are in the process of proactively cultivating a pipeline of field leaders through succession planning and recruitment venues from within and outside the salon industry. We are also leveraging beauty school relationships and participating in job fairs and industry events.

Technology. The installation of new point-of-sale (POS) systems and salon workstations throughout North America enables communication with salons and stylists, delivery of online and digital training to stylists, real-time salon level analytics on guest retention, wait times, stylist productivity, and salon performance. We also use technology to provide asset protection dashboards and analytics to help prioritize efforts against our most compelling opportunities to reduce loss in our salons.

Guests

Great stylists, coupled with high quality service, convenience, affordability, an inviting salon appearance and atmosphere, and comprehensive retail assortments, create guests for life.

Convenience. Our different salon concepts enable our guests to select different service scheduling options based upon their preference. In the value category, the ability to serve walk-in appointments and minimize guest wait times is an essential element in delivering upon convenience. We continue to focus on staffing and retention and have begun to optimize schedules and leverage our POS systems to help us balance stylist hours with guest traffic and manage guest wait times. In the premium category, our salons generally schedule appointments in advance of service. Our salons are located in high-traffic strip centers, Walmart Supercenters and shopping malls, with guest parking and easy access, and are generally open seven days per week, offering guests a variety of convenient ways to fulfill their beauty needs.

Affordability. The Company strives to offer an exceptional value for its services. In the value category, our guests expect outstanding service at affordable prices. These expectations are met with average service transactions ranging from $16 to $21. In the premium category, our guests expect upscale, full service beauty services at reasonable prices. Average service transactions approximate $45 in this category. Pricing decisions are considered on a market-by-market basis and established based on local conditions.

Salon Appearance and Atmosphere. The Company's salons range from 500 to 5,000 square feet, with the typical salon approximating 1,200 square feet. Our salon repairs and maintenance program is designed to ensure we invest annually in salon cleanliness and safety, as well as in maintaining the normal operation of our salons. Our annual capital expenditures include funds to refresh the appeal and comfort of our salons.

Retail Assortments. The Company's salons sell nationally recognized hair care and beauty products, as well as a complete assortment of owned-brand products. Retail products offered by the Company are intended to be sold only through professional salons, and complement its salon services business. The Company's stylists are compensated and regularly trained to sell hair care and beauty products to their guests. Additionally, guests are encouraged to purchase products after stylists demonstrate their efficacy by using them in the styling of our guests' hair. The top selling brands within the Company's retail assortment include Biolage, Paul Mitchell, Regis designLINE, Redken, Nioxin, Tigi, It's a 10, Sexy Hair Concepts, Kenra, and Moroccanoil.

Technology. Our POS systems have the ability to collect guest and transactional data and enable the Company to invest in Guest Relationship Management, gaining insights into guest behavior, communicating with guests and incenting return visits. Leveraging this technology allows us to monitor guest retention and to survey our guests for feedback on improving the guest experience, and allows guests to use mobile apps to schedule appointments, view wait times and interact in other ways with salons.

Marketing. We are focused on driving local traffic at the most efficient cost. This includes leveraging media, guest relationship management programs, digital channels, and local tactical efforts (e.g., couponing), among other programs. Traffic driving efforts are targeted vs. a one-size-fits all approach. Annual marketing plans are based on seasonality, consumer mindset, competitive positioning and return on investment. We continually reallocate marketing investments into vehicles with known, strong returns.

Salon Support

Our corporate headquarters is referred to as Salon Support. This acknowledges that creating guests for life mandates a service-oriented, stylist and guest-focused mentality in supporting our field organization to grow our business profitably.

Organization. Salon Support and our associated priorities are aligned to our field structure to enhance the effectiveness and efficiency of the service provided to our field organization. During fiscal year 2014, we created a human resources organization to help transform the Company into the place where stylists can have successful and satisfying careers and enhanced our asset protection capabilities by building a strong asset protection team and establishing standard operating procedures to support field and salon leaders.

Simplification. In fiscal year 2013, we sold our Hair Club and Provalliance businesses in order to simplify our business model, focus on our core business of operating beauty salons, improve our long-term profitability and maximize shareholder value. We also standardized retail plan-o-grams and eliminated products in an effort to simplify and manage our ongoing retail inventory assortment. Simplification and standardization reduces inventory management time in our salons and throughout our supply chain and enables distribution efficiencies.

Ongoing simplification focuses on improving the way we plan and execute across our many brands. Standardizing processes and procedures around scheduling, day-to-day salon execution and reporting makes it easier to lead and execute in a multi-unit organization.

Our organization also remains focused on identifying and driving cost saving and profit enhancing initiatives.

Salon Concepts:

The Company's salon concepts focus on providing high quality hair care services and professional products, primarily to the mass market. A description of the Company's salon concepts are listed below:

SmartStyle. SmartStyle salons offer a full range of custom styling, cutting, and hair coloring, as well as professional hair care products and are located exclusively in Walmart Supercenters. SmartStyle has a walk-in guest base with value pricing. Service revenues represent approximately 69% of total company-owned SmartStyle revenues. Additionally, the Company has 127 franchised Cost Cutters salons located in Walmart Supercenters.

Supercuts. Supercuts salons provide consistent, high quality hair care services and professional products to its guests at convenient times and locations at value prices. This concept appeals to men, women, and children. Service revenues represent approximately 90% of total company-owned Supercuts revenues. Additionally, the Company has 1,393 franchised Supercuts locations.

MasterCuts. MasterCuts salons are a full service, mall based salon group which focuses on the walk-in consumer who demands moderately priced hair care services. MasterCuts salons emphasize quality hair care services, affordable prices, and time saving services for the entire family. These salons offer a full range of custom styling, cutting and hair coloring services, as well as professional hair care products. Service revenues comprise approximately 82% of the concept's total revenues.

Other Value. Other Value salons are made up of acquired regional company-owned salon groups operating under the primary concepts of Hair Masters, Cool Cuts for Kids, Style America, First Choice Haircutters, Famous Hair, Cost Cutters, BoRics, Magicuts, Holiday Hair, Head Start, Fiesta Salons, and TGF, as well as other concept names. Most concepts offer a full range of custom hairstyling, cutting and coloring services, as well as hair care products. Hair Masters offers moderately-priced services, while the other concepts primarily cater to time-pressed, value-oriented families. Service revenues represent approximately 89% of total company-owned Other Value salons revenues. Additionally, the Company has 804 franchised locations of Other Value salons. Other Value salons were previously referred to as Promenade salons.

Regis Salons. Regis Salons are primarily mall based, full service salons providing complete hair care and beauty services aimed at moderate to upscale, fashion conscious consumers. At Regis Salons both appointments and walk-in guests are common. These salons offer a full range of custom styling, cutting and hair coloring services, as well as professional hair care products. Service revenues represent approximately 82% of the concept's total revenues. Regis Salons compete in their existing markets primarily by providing high quality services. Included within the Regis Salon concept are various other trade names, including Carlton Hair, Sassoon, Hair by Stewarts, Hair Excitement, and Renee Beauty.

International Salons. International salons are comprised of company-owned salons operating in the United Kingdom primarily under the Supercuts, Regis, and Sassoon concepts. These salons offer similar levels of service as our North American salons. Sassoon is one of the world's most recognized names in hair fashion and appeals to women and men looking for a prestigious full service hair salon. Salons are usually located in prominent high-traffic locations and offer a full range of custom hairstyling, cutting and coloring services, as well as professional hair care products. Service revenues comprise approximately 75% of total company-owned international locations.

The tables on the following pages set forth the number of system wide locations (company-owned and franchised) and activity within the various salon concepts.

System-wide location counts

	June 30,		
	2015	2014	2013
Company-owned salons:			
SmartStyle/Cost Cutters in Walmart stores	2,639	2,574	2,490
Supercuts	1,092	1,176	1,210
MasterCuts	466	505	532
Other Value	1,711	1,846	1,990
Regis	761	816	862
Total North American salons(1)	6,669	6,917	7,084
Total International salons(2)	356	360	351
Total, Company-owned salons	7,025	7,277	7,435
Franchised salons:			
SmartStyle/Cost Cutters in Walmart stores	127	126	123
Supercuts	1,393	1,213	1,116
Other Value	804	840	843
Total North American salons	2,324	2,179	2,082
Total International salons(2)	—	—	—
Total, Franchised salons	2,324	2,179	2,082
Ownership interest locations:			
Equity ownership interest locations	207	218	246
Grand Total, System-wide	9,556	9,674	9,763

Constructed Locations (net relocations)

	Fiscal Years		
	2015	2014	2013
Company-owned salons:			
SmartStyle/Cost Cutters in Walmart stores	68	85	51
Supercuts	7	13	45
MasterCuts	—	1	3
Other Value	1	4	39
Regis	—	1	3
Total North American salons(1)	76	104	141
Total International salons(2)	15	23	12
Total, Company-owned salons	91	127	153
Franchised salons:			
SmartStyle/Cost Cutters in Walmart stores	1	3	1
Supercuts	126	94	70
Other Value	13	37	47
Total North American salons(1)	140	134	118
Total International salons(2)	—	—	—
Total, Franchised salons	140	134	118

Closed Locations

	Fiscal Years		
	2015	2014	2013
Company-owned salons:			
SmartStyle/Cost Cutters in Walmart stores	(3)	(1)	(2)
Supercuts	(36)	(44)	(49)
MasterCuts	(39)	(27)	(40)
Other Value	(114)	(126)	(179)
Regis	(55)	(47)	(94)
Total North American salons(1)	(247)	(245)	(364)
Total International salons(2)	(19)	(14)	(59)
Total, Company-owned salons	(266)	(259)	(423)
Franchised salons:			
SmartStyle/Cost Cutters in Walmart Stores	—	—	—
Supercuts	(22)	(19)	(11)
Other Value	(50)	(44)	(58)
Total North American salons(1)	(72)	(63)	(69)
Total International salons(2)	—	—	—
Total, Franchised salons	(72)	(63)	(69)

Conversions (including net franchisee transactions)(3)

	Fiscal Years		
	2015	2014	2013
Company-owned salons:			
SmartStyle/Cost Cutters in Walmart stores	—	—	—
Supercuts	(55)	(3)	(14)
MasterCuts	—	(1)	—
Other Value	(22)	(22)	(3)
Regis	—	—	—
Total North American salons(1)	(77)	(26)	(17)
Total International salons(2)	—	—	—
Total, Company-owned salons	(77)	(26)	(17)
Franchised salons:			
SmartStyle/Cost Cutters in Walmart Stores	—	—	—
Supercuts	76	22	17
Other Value	1	4	—
Total North American salons(1)	77	26	17
Total International salons(2)	—	—	—
Total, Franchised salons	77	26	17

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(1) The North American Value operating segment is comprised primarily of the SmartStyle, Supercuts, MasterCuts and Other Value salon brands. The North American Premium operating segment is comprised primarily of the Regis salon brands.

(2) Canadian and Puerto Rican salons are included in the North American salon totals.

(3) During fiscal years 2015, 2014, and 2013, the Company acquired zero, two, and zero salon locations, respectively, from franchisees. During fiscal years 2015, 2014, and 2013, the Company sold 77, 28, and 17 salon locations, respectively, to franchisees.

Salon Franchising Program:

General. We have various franchising programs supporting its 2,324 franchised salons as of June 30, 2015, consisting mainly of Supercuts, Cost Cutters, First Choice Haircutters, and Magicuts. These salons have been included in the discussions regarding salon counts and concepts.

We provide our franchisees with a comprehensive system of business training, stylist education, site approval and lease negotiation, construction management services, professional marketing, promotion, and advertising programs, and other forms of support designed to help the franchisee build a successful business.

Standards of Operations. The Company does not control the day to day operations of its franchisees, including employment, benefits and wage determination, establishing prices to charge for products and services, business hours, personnel management, and capital expenditure decisions. However, the franchise agreements afford certain rights to the Company, such as the right to approve locations, suppliers and the sale of a franchise. Additionally, franchisees are required to conform to the Company's established operational policies and procedures relating to quality of service, training, salon design and decor, and trademark usage. The Company's field personnel make periodic visits to franchised salons to ensure that they are operating in conformity with the standards for each franchising program. All of the rights afforded to the Company with regard to franchised operations allow the Company to protect its brands, but do not allow the Company to control the franchise operations or make decisions that have a significant impact on the success of the franchised salons. The Company’s franchise agreements do not give the Company any right, ability or potential to determine or otherwise influence any terms and/or conditions of employment of franchisees’ employees (except for those, if any, that are specifically related to quality of service, training, salon design, decor, and trademark usage), including, but not limited to, franchisees’ employees’ wages, employee benefits, hours of work, scheduling, leave programs, seniority rights, promotional or transfer opportunities, layoff/recall arrangements, grievance and dispute resolution procedures, uniforms, and/or discipline and discharge.

Franchise Terms. Pursuant to a franchise agreement with the Company, each franchisee pays an initial fee for each store and ongoing royalties to the Company. In addition, for most franchise concepts, the Company collects advertising funds from franchisees and administers the funds on behalf of the concepts. Franchisees are responsible for the costs of leasehold improvements, furniture, fixtures, equipment, supplies, inventory, payroll costs and certain other items, including initial working capital. The majority of franchise agreements provide the Company a right of first refusal if the store is to be sold and the franchisee must obtain the Company's approval in all instances where there is a sale of a franchise location.

Additional information regarding each of the major franchised brands is listed below:

Supercuts

Supercuts franchise agreements have a perpetual term, subject to termination of the underlying lease agreement or termination of the franchise agreement by either the Company or the franchisee. All new franchisees enter into development agreements, which give them the right to enter into a defined number of franchise agreements. These franchise agreements are site specific. The development agreement provides limited territorial protection for the stores developed under those franchise agreements. Older franchisees have grandfathered expansion rights which allow them to develop stores outside of development agreements and provide them with greater territorial protections in their markets. The Company has a comprehensive impact policy that resolves potential conflicts among Supercuts franchisees and/or the Company's Supercuts locations regarding proposed store sites.

Cost Cutters, First Choice Haircutters, and Magicuts

The majority of existing Cost Cutters franchise agreements have a 15 year term with a 15 year option to renew (at the option of the franchisee), while the majority of First Choice Haircutters franchise agreements have a ten year term with a five year option to renew. The majority of Magicuts franchise agreements have a term equal to the greater of five years or the current initial term of the lease agreement with an option to renew for two additional five year periods. The current franchise agreement is site specific. Franchisees may enter into development agreements with the Company which provide limited territorial protection.

Franchisee Training. The Company provides new franchisees with training, focusing on the various aspects of store management, including operations, personnel management, marketing fundamentals, and financial controls. Existing franchisees receive training, counseling and information from the Company on a continuous basis. The Company provides store managers and stylists with extensive technical training for Supercuts franchises.

Salon Markets and Marketing:

Company-Owned Salons

The Company utilizes various marketing vehicles for its salons, including traditional advertising, guest relationship management, digital channels and promotional/pricing based programs. A predetermined allocation of revenue is used for such programs. Most marketing vehicles including radio, print, online and television advertising are developed and supervised at the Company's Salon Support headquarters; however, the majority of advertising is created for our local markets. The Company reviews its brand strategy with the intent to create more clear communication platforms, identities and differentiation points for our brands to drive consumer preference.

Franchised Salons

Most franchise concepts maintain separate advertising funds that provide comprehensive marketing and sales support for each system. The Supercuts advertising fund is the Company's largest advertising fund and is administered by a council consisting of primarily franchisee representatives. The council has overall control of the advertising fund's expenditures and operates in accordance with terms of the franchise operating and other agreements. All stores, company-owned and franchised, contribute to the advertising funds, the majority of which are allocated to the contributing market for media placement and local marketing activities. The remainder is allocated for the creation of national advertising and system-wide activities.

Affiliated Ownership Interests:

The Company maintains ownership interests in beauty schools and salons. The primary ownership interest is a 54.6% interest in Empire Education Group, Inc. (EEG), which is accounted for as an equity method investment. See Note 1 to the Consolidated Financial Statements. EEG operates accredited cosmetology schools. Contributing the Company's beauty schools in fiscal year 2008 to EEG leveraged EEG's management expertise, while enabling the Company to maintain a vested interest in the beauty school industry. Additionally, we utilize our EEG relationship to recruit stylists straight from beauty school.

In addition, the Company has a 27.1% ownership interest in MY Style, which is accounted for as a cost method investment. MY Style operates salons in Japan.

Corporate Trademarks:

The Company holds numerous trademarks, both in the United States and in many foreign countries. The most recognized trademarks are "SmartStyle," "Supercuts," "MasterCuts," "Regis Salons," "Cost Cutters," "Hair Masters," "First Choice Haircutters," and "Magicuts."

"Sassoon" is a registered trademark of Procter & Gamble. The Company has a license agreement to use the Sassoon name for existing salons and academies and new salon development.

Corporate Employees:

During fiscal year 2015, the Company had approximately 47,000 full and part-time employees worldwide, of which approximately 40,000 employees were located in the United States. None of the Company's employees is subject to a collective bargaining agreement and the Company believes that its employee relations are amicable.

Executive Officers:

Information relating to the Executive Officers of the Company follows:

Name	Age	Position
Daniel Hanrahan	58	President and Chief Executive Officer
Steven Spiegel	53	Executive Vice President and Chief Financial Officer
Eric Bakken	48	Executive Vice President, Chief Administrative Officer, Corporate Secretary and General Counsel
Jim Lain	51	Executive Vice President and Chief Operating Officer
Andrew Dulka	41	Senior Vice President and Chief Information Officer
Annette Miller	53	Senior Vice President and Chief Merchandising Officer
Heather Passe	44	Senior Vice President and Chief Marketing Officer
Carmen Thiede	48	Senior Vice President and Chief Human Resources Officer
Ken Warfield	44	Senior Vice President of Premium and Asset Protection

Daniel Hanrahan has served as President and Chief Executive Officer since August 2012. He most recently served as President of Celebrity Cruises, a subsidiary of Royal Caribbean Cruises Ltd., from February 2005 to July 2012, and as its President and Chief Executive Officer since September 2007. Mr. Hanrahan has served on the Board of Directors of Cedar Fair, L.P., an amusement-resort operator, since 2012 and is a member of its Audit and Compensation Committees.

Steven Spiegel has served as Executive Vice President and Chief Financial Officer since December 2012. He most recently served as Vice President of Finance at Unilever (formerly Alberto Culver) from May 2005 to May 2012.

Eric Bakken has served as Executive Vice President, Chief Administrative Officer, Corporate Secretary and General Counsel since April 2013. He served as Executive Vice President, General Counsel and Business Development and Interim Corporate Chief Operating Officer from 2012 to April 2013, and performed the function of interim principal executive officer between July 2012 and August 2012. Mr. Bakken joined the Company in 1994 as a lawyer and became General Counsel in 2004.

Jim Lain has served as Executive Vice President and Chief Operating Officer since November 2013. Previously Mr. Lain served as Vice President at Gap, Inc. from August 2006 to November 2013.

Andrew Dulka was promoted to Senior Vice President and Chief Information Officer in May 2015 and previously served as Vice President, Retail Systems and Enterprise Architecture from July 2012 to April 2015. Before joining Regis Corporation, he served as Vice President, Infrastructure and Application Maintenance at Allianz Life from December 2009 to July 2012.

Annette Miller has served as Senior Vice President and Chief Merchandising Officer since December 2014. Before joining Regis Corporation, she served as Senior Vice President of Merchandising, Grocery at Target from 2010 to 2014.

Heather Passe has served as Senior Vice President and Chief Marketing Officer since July 2012. Before joining Regis Corporation, she served as Vice President Marketing, Customer Relationship Marketing (CRM) and E-Commerce at Carlson from February 2009 to July 2012.

Carmen Thiede has served as Senior Vice President and Chief Human Resources Officer since October 2013. Before joining Regis Corporation, Ms. Thiede served as Senior Vice President of Human Resources at Ameriprise Financial from October 2006 to October 2013.

Ken Warfield has served as Senior Vice President of Premium and Asset Protection since February 2015 and was Vice President of Asset Protection from February 2014 to February 2015. Before joining Regis Corporation, he served as Corporate Director of Loss Prevention and Security at Price Chopper Supermarkets from May 2013 to February 2014 and Director of Loss Prevention at CVS Health Corporation from January 2010 to January 2013.

Governmental Regulations:

The Company is subject to various federal, state, local and provincial laws affecting its business as well as a variety of regulatory provisions relating to the conduct of its beauty related business, including health and safety.

In the United States, the Company's franchise operations are subject to the Federal Trade Commission's Trade Regulation Rule on Franchising (the FTC Rule) and by state laws and administrative regulations that regulate various aspects of franchise operations and sales. The Company's franchises are offered to franchisees by means of an offering circular/disclosure document containing specified disclosures in accordance with the FTC Rule and the laws and regulations of certain states. The Company has registered its offering of franchises with the regulatory authorities of those states in which it offers franchises and in which such registration is required. State laws that regulate the franchisor-franchisee relationship presently exist in a substantial number of states and, in certain cases, apply substantive standards to this relationship. Such laws may, for example, require that the franchisor deal with the franchisee in good faith, may prohibit interference with the right of free association among franchisees and may limit termination of franchisees without payment of reasonable compensation. The Company believes that the current trend is for government regulation of franchising to increase over time. However, such laws have not had, and the Company does not expect such laws to have, a significant effect on the Company's operations.

In Canada, the Company's franchise operations are subject to franchise laws and regulations in the provinces of Ontario, Alberta, Manitoba, New Brunswick and Prince Edward Island. The offering of franchises in Canada occurs by way of a disclosure document, which contains certain disclosures required by the applicable provincial laws. The provincial franchise laws and regulations primarily focus on disclosure requirements, although each requires certain relationship requirements such as a duty of fair dealing and the right of franchisees to associate and organize with other franchisees.

The Company believes it is operating in substantial compliance with applicable laws and regulations governing all of its operations.

The Company maintains an ownership interest in EEG. Beauty schools derive a significant portion of their revenue from student financial assistance originating from the U.S. Department of Education's Title IV Higher Education Act of 1965. For the students to receive financial assistance at the school, the beauty schools must maintain eligibility requirements established by the U.S. Department of Education.

Financial Information about Foreign and North American Operations

Financial information about foreign and North American markets is incorporated herein by reference to Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 and segment information in Note 14 to the Consolidated Financial Statements in Part II, Item 8 of this Form 10-K.

Available Information

The Company is subject to the informational requirements of the Securities and Exchange Act of 1934 (Exchange Act). The Company therefore files periodic reports, proxy statements and other information with the Securities and Exchange Commission (SEC). Such reports may be obtained by visiting the Public Reference Room of the SEC at 100 F Street NE, Washington, DC 20549, or by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet site (*http://www.sec.gov*) that contains reports, proxy and information statements and other information.

Financial and other information can be accessed in the Investor Information section of the Company's website at *www.regiscorp.com*. The Company makes available, free of charge, copies of its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC.

Item 1A. Risk Factors

An inability to continue to execute on our strategy and build on foundational initiatives we've implemented could adversely impact our same-store sales and operating results.

Our success depends, in part, on our ability to improve sales, as well as both cost of service and product and operating margins. Same-store sales are affected by average ticket and same-store guest visits. A variety of factors affect same-store guest visits, including the guest experience, staffing and retention of stylists and salon leaders, fashion trends, competition, current economic conditions, product assortment, marketing programs and weather conditions. These factors may cause our same-store sales to differ materially from prior periods and from our expectations.

Since fiscal year 2013, we have gone through significant change as we executed upon a number of foundational initiatives to support and focus on our business strategies to return the Company to sustainable long-term growth and profitability.

These foundational changes were disruptive to our business. In fiscal 2014, same-store sales declined 4.8% compared to the prior year. While fiscal 2015 same-store sales declines of 0.3% represent improved trends, there can be no assurance we will be able to successfully execute on our business strategy in fiscal 2016 and beyond to achieve long-term growth, profitability and a broader scale turn. Such impairment charges could be material to our consolidated balance sheet and results of operations. If negative same-store sales continue and we are unable to offset the impact with operational savings, our results of operations will be negatively impacted affected and we may be required to take impairment charges.

In addition, the unexpected loss of any of our executive leadership team members could adversely affect the momentum we have achieved in executing on our business strategies and could adversely affect our business.

Our business is based on the success of our stylists. It is important for us to attract, train and retain talented stylists and salon leaders.

Guest loyalty is highly dependent upon the stylists who serve our guests. In order to profitably grow our business, it is important for us to attract, train and retain talented stylists and salon leaders and to adequately staff our salons. Because the salon industry is highly-fragmented and comprised of many independent operators, the market for stylists is highly competitive. Offering competitive wages, benefits, education and training programs are important elements to attracting and retaining great stylists. If we are not successful in attracting, training and retaining stylists or in staffing our salons, our same-store sales could continue to decline and our results of operations could be adversely affected.

Changes in regulatory and statutory laws, such as increases in the minimum wage and changes that make collective bargaining easier, proposed changes to overtime requirements, and the costs of compliance and non-compliance with such laws, may result in increased costs to our business.

With 9,556 locations and approximately 47,000 employees worldwide, our financial results can be adversely impacted by regulatory or statutory changes in laws. Due to the number of people we employ, laws that increase minimum wage rates, employment taxes, overtime requirements or costs to provide employee benefits may result in additional costs to our Company.

A number of states and cities in which we do business have recently increased or are considering increasing the minimum wage, with increases generally phased over several years depending upon the size of the employer. The Department of Labor is also proposing changes to the technical requirements for classification of employees deemed to be exempt from the overtime requirements of the Fair Labor Standards Act that could increase the number of employees eligible to receive overtime pay. Increases in minimum wages and overtime pay could significantly increase our costs, and our ability to offset these increases through price increases is limited. In addition, changes in labor laws could increase the likelihood of some or all of our employees being subjected to greater organized labor influence. If a significant portion of our employees were to become unionized, it could have an adverse effect on our business and financial results.

Increases in minimum wages, overtime requirements and unionization could also have an adverse effect on the performance of our franchisees, especially if our franchisees are treated as a "joint employer" with us by the National Labor Relations Board (NLRB) or as a large employer under minimum wage statutes because of their affiliation with us. With respect to the NLRB, it is anticipated that its current standard for joint employer relationships may become more lenient and, as such, we may face an increased risk of being alleged to be a joint employer with our franchisees. In addition, we must comply with state employment laws, including the California Labor Code, which has stringent requirements and penalties for non-compliance.

In addition to employment laws, we are also subject to a wide range of federal, state, provincial and local laws and regulations, including those affecting public companies, product manufacture and sale, and governing the franchisor-franchisee relationship, in the jurisdictions in which we operate. Compliance with new, complex and changing laws may cause our expenses to increase. In addition, any non-compliance with laws or regulations could result in penalties, fines, product recalls and enforcement actions or otherwise restrict our ability to market certain products or attract or retain employees, which could adversely affect our business, financial condition and results of operations.

We could be subject to changes in tax rates, the adoption of new U.S. or international tax legislation or exposure to additional tax liabilities.

We are subject to income taxes in the U.S. and other foreign jurisdictions. Significant judgment is required in determining our tax provision for income taxes. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination is uncertain. We are subject to the examination of our income tax returns, payroll taxes and other tax matters by the Internal Revenue Service and other tax authorities and governmental bodies. The Company regularly assesses the likelihood of an adverse outcome resulting from these examinations to determine the adequacy of its provision for income taxes and payroll tax accruals. There can be no assurances as to the outcome of these examinations. Although we believe our tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from our historical tax provisions and payroll accruals. The results of an audit or litigation could have a material effect on our consolidated financial statements in the period or periods for which that determination is made.

Our effective income tax rate in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with different statutory tax rates, changes in tax laws, the outcome of income tax audits, and any repatriation of non-U.S. earnings for which we have not previously provided for U.S. taxes.

Changes to healthcare laws in the U.S. may increase the number of employees who participate in our healthcare plans, which may significantly increase our healthcare costs and negatively impact our operating results.

We offer comprehensive healthcare coverage to eligible employees in the United States. Historically, a majority of our eligible employees do not participate in our healthcare plans. Due to recent changes to healthcare laws in the United States pursuant to the Affordable Care Act (ACA), it is possible that enrollment in the Company's healthcare plans may increase as employees continue to assess their healthcare alternatives and if provisions regarding automatic enrollment of new eligible employees become effective in the future. Furthermore, potential fees and or penalties may be assessed as a result of individuals either not being offered healthcare coverage within a limited timeframe or if coverage offered does not meet minimum care and affordability standards. An increase in the number of employees who elect to participate in our healthcare plans, new ACA requirements or if the Company fails to comply with one or more provisions of ACA may significantly increase our healthcare-related costs and negatively impact our operating results.

If we fail to manage cyber threats and protect the security of sensitive information about our guests, employees, vendors or company, we could be subject to business disruption, negative publicity, costly government enforcement actions or private litigation and our reputation could suffer.

The nature of our business involves processing, transmission and storage of personal information about our guests as well as employees, vendors and our Company. Cyber-attacks designed to gain access to sensitive information by breaching mission critical systems of large organizations are constantly evolving, and high profile electronic security breaches leading to unauthorized release of sensitive guest information have occurred recently at a number of large U.S. companies. Our efforts to protect sensitive guest and employee information may not be successful in preventing a breach in our systems, or detecting and responding to a breach on a timely basis. As a result of a security incident or breach in our systems, our systems could be interrupted or damaged, or sensitive information could be accessed by third parties. If that happened, our guests could lose confidence in our ability to protect their personal information, which could cause them to stop visiting our salons altogether. Such events could lead to lost future sales and adversely affect our results of operations. In addition, as the regulatory environment relating to retailers and other companies' obligations to protect sensitive data becomes stricter, a material failure on our part to comply with applicable regulations could subject us to fines or other regulatory sanctions and potentially to lawsuits. These laws are changing rapidly and vary among jurisdictions. Furthermore, while our franchisees are independently responsible for data security at franchised locations, a breach of guest or vendor data at a franchised location could also negatively affect public perception of our brands. More broadly, our incident response preparedness and disaster recovery planning efforts may be inadequate or ill-suited for a security incident and we could suffer disruption of operations or adverse effects to our operating results.

We rely heavily on our management information systems. If our systems fail to perform adequately or if we experience an interruption in their operation, our results of operations may be affected.

The efficient operation of our business is dependent on our management information systems. We rely heavily on our management information systems to collect daily sales information and guest demographics, generate payroll information, monitor salon performance, manage salon staffing and payroll costs, inventory control and other functions. Certain of our management information systems are developed and maintained by external vendors, including our POS system. In addition, certain of our systems are outdated or of limited functionality. The failure of our management information systems to perform as we anticipate, or to meet the continuously evolving needs of our business, could disrupt our business and may adversely affect our operating results.

We rely on external vendors for products and services critical to our operations.

Our dependence on vendors exposes us to operational, reputational, financial, and compliance risk. Our vendors are also responsible for the security of certain Company data. In the event that one of our key vendors becomes unable to continue to provide products and services, or their systems fail, are compromised or the quality of their systems deteriorate, we may suffer operational difficulties and financial loss.

Changes in manufacturers' choice of distribution channels may negatively affect our revenues.

The retail products we sell are licensed to be carried exclusively by professional salons. The products we purchase for sale in our salons are purchased pursuant to purchase orders, as opposed to long-term contracts and generally can be terminated by the producer without much advance notice. Should our product manufacturers decide to utilize other distribution channels, such as large discount retailers, or to utilize such distribution channels to a larger extent than they have in the past, it could negatively impact product sales revenue. In addition as e-commerce evolves and expands, our product sales could negatively be impacted if we are unable to sell retail products in a similar fashion.

Our continued success depends in part on the success of our franchisees, who operate independently.

As of June 30, 2015, approximately 24% of our salons are franchised locations. We derive revenues associated with our franchised locations from royalties, service fees and product sales to franchised locations. Our financial results are therefore dependent in part upon the operational and financial success of our franchisees. As we increase our focus on our franchise business, our dependence on our franchisees grows.

We have limited control over how our franchisees' businesses are run. Though we have established operational standards and guidelines, they own, operate and oversee the daily operations of their salon locations. If franchisees do not successfully operate their salons in compliance with our standards, our brand reputation and image could be harmed and our financial results could be affected.

In addition, our franchisees are subject to the same general economic risks as our Company, and their results are influenced by competition, market trends, and disruptions in their markets due to severe weather and other external events. They may also be limited in their ability to open new locations by an inability to secure adequate financing, especially since many of them are small businesses with much more limited access to financing than our Company, or by the limited supply of favorable real estate for new salon locations. A deterioration in the financial results of our franchisees, or a failure of our franchisees to renew their franchise agreements, could adversely affect our operating results through decreased royalty payments, fees and product revenues.

We have identified a material weakness in our internal control over the accounting for leases which could reduce investor confidence and adversely affect the value of our common stock.

In fiscal year 2015, we identified a material weakness in our internal controls related to our accounting for leases. We are in the process of remediating this weakness, which will require us to devote financial and management resources. While we believe we will remediate this weakness over time, no assurances can be made that our remediation will be effective, and our remedial controls may need to operate for a period of time before we can conclude that they are effective. Until the material weakness is fully remediated, the Company could have material misstatements to the non-cash deferred rent account, and related accounts and disclosures.

If we are not able to successfully compete in our business markets, our financial results may be affected.

Competition on a market by market basis remains challenging as many smaller chain competitors are franchise systems with local operating strength in certain markets and the hair salon industry as a whole is fragmented and highly competitive for customers, stylists and prime locations. Therefore, our ability to attract guests, raise prices and secure suitable locations in certain markets can be adversely impacted by this competition. If we are not able to successfully compete, our ability to grow same-store sales and increase our revenue and earnings may be impaired.

Changes to interest rates and foreign currency exchange rates may impact our results from operations.

Changes in interest rates and foreign currency exchange rates will have an impact on our expected results from operations. Historically, we have managed the risk related to fluctuations in these rates through the use of fixed rate debt instruments and other financial instruments.

Failure to simplify and standardize our operating processes across our brands could have a negative impact on our financial results.

Standardization of operating processes across our brands, marketing and products will enable us to simplify our operating model and decrease our costs. Failure to do so could adversely impact our ability to grow revenue and realize further efficiencies within our results of operations.

Changes in our key relationships may adversely affect our operating results.

We maintain key relationships with certain companies, including Walmart. In particular, we have 2,766 SmartStyle/Cost Cutters salons within Walmart locations, including 69 salons opened during fiscal year 2015. The continued operation and growth of this business is dependent on our relationship with Walmart. In addition, our company-owned locations are concentrated with leases with certain major regional and national landlords. Termination, modification or mismanagement, of any of these relationships could significantly reduce our revenues and have a material and adverse impact on our business, our operating results and our ability to grow.

Failure to control costs may adversely affect our operating results.

We must continue to control our expense structure. Failure to manage our cost of product, labor and benefit rates, advertising and marketing expenses, operating lease costs, other store expenses or indirect spending could delay or prevent us from achieving increased profitability or otherwise adversely affect our operating results.

If we fail to comply with any of the covenants in our financing arrangements, we may not be able to access our existing revolving credit facility, and we may face an accelerated obligation to repay our indebtedness.

We have several financing arrangements that contain financial and other covenants. If we fail to comply with any of the covenants, it may cause a default under one or more of our financing arrangements, which could limit our ability to obtain additional financing under our existing credit facility, require us to pay higher levels of interest or accelerate our obligations to repay our indebtedness.

Changes in the general economic environment may impact our business and results of operations.

Changes to the U.S., Canadian and United Kingdom economies have an impact on our business. General economic factors that are beyond our control, such as interest rates, exchange rates, recession, inflation, deflation, tax rates and policy, energy costs, unemployment trends, extreme weather patterns, other casualty events and other matters that influence consumer confidence and spending, may impact our business. In particular, visitation patterns to our salons can be adversely impacted by increases in unemployment rates and decreases in discretionary income levels.

If our investment with Empire Education Group is unsuccessful, our financial results may be affected.

We have a joint venture arrangement with Empire Education Group (EEG), an operator of accredited cosmetology schools. If EEG is unwilling or unable to devote their financial resources or marketing and operational capabilities to our joint venture, or if our joint venture is terminated, we may not be able to realize anticipated profits and our business could be materially adversely affected. In addition, regulatory changes in the for-profit secondary educational market have had negative business impacts including declines in enrollment, revenues and profitability. If our joint venture arrangement with EEG is not successful, we may have a limited ability to terminate or modify this arrangement. If our joint venture with EEG is terminated, there can be no assurance that we will be able to attract new joint venture partners to continue the activities or to operate that business independently.

During fiscal years 2015 and 2013, we recorded non-cash impairments of $4.7 million and $17.9 million, respectively, related to our investment in EEG. Due to economic, regulatory and other factors, including declines in enrollment, revenue and profitability in the for-profit secondary educational market, we may be required to take additional non-cash impairment charges related to our investments and such non-cash impairments could be material to our consolidated balance sheet and results of operations. During fiscal year 2015, we recorded our share of a non-cash deferred tax asset valuation allowance recorded by EEG of $6.9 million. During fiscal years 2014 and 2013, we recorded our share of pre-tax non-cash impairment charges recorded by EEG for goodwill and fixed and intangible assets of $21.2 and $2.1 million, respectively. EEG may be required to take additional non-cash impairment charges related to long-lived assets and our share of such non-cash impairment charges could be material to our consolidated balance sheet and results of operations. The exposure to loss related to our involvement with EEG is the $14.8 million carrying value of the investment at June 30, 2015.

Changes in fashion trends may impact our revenue.

Changes in consumer tastes, hair product innovation, and fashion trends can have an impact on our financial performance.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

The Company's corporate offices are headquartered in a 170,000 square foot, three building complex in Edina, Minnesota that is owned by the Company.

The Company also operates offices in Edina, Minnesota; Toronto, Canada; and Coventry and London, England. These offices are occupied under long-term leases.

The Company owns distribution centers located in Chattanooga, Tennessee and Salt Lake City, Utah. The Chattanooga facility currently utilizes 230,000 square feet while the Salt Lake City facility utilizes 210,000 square feet. The Salt Lake City facility can be expanded to 290,000 square feet to accommodate future growth.

The Company operates all of its salon locations under leases or license agreements. Substantially all of its North American locations in regional malls are operating under leases with an original term of at least ten years. Salons operating within strip centers and Walmart Supercenters have leases with original terms of at least five years, generally with the ability to renew, at the Company's option, for one or more additional five year periods. Salons operating within department stores in Canada and Europe operate under license agreements, while freestanding or shopping center locations in those countries have real property leases comparable to the Company's North American locations.

The Company also leases the premises in which approximately 85% of our franchisees operate and has entered into corresponding sublease arrangements with the franchisees. These leases have a five year initial term and one or more five year renewal options. All lease costs are passed through to the franchisees. Remaining franchisees who do not enter into sublease arrangements with the Company negotiate and enter into leases on their own behalf.

None of the Company's salon leases are individually material to the operations of the Company and the Company expects that it will be able to renew its leases on satisfactory terms as they expire or identify and secure other suitable locations. See Note 8 to the Consolidated Financial Statements.

Item 3. Legal Proceedings

The Company is a defendant in various lawsuits and claims arising out of the normal course of business. Like certain other large retail employers, the Company has been faced with allegations of purported class-wide consumer and wage and hour violations. Litigation is inherently unpredictable and the outcome of these matters cannot presently be determined. Although the actions are being vigorously defended, the Company could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations in any particular period.

In addition, the Company was a nominal defendant, and nine current and former directors and officers of the Company were named defendants, in a shareholder derivative action in Minnesota state court. The derivative shareholder action alleged that the individual defendants breached their fiduciary duties to the Company in connection with their approval of certain executive compensation arrangements and certain related party transactions. The Board of Directors appointed a Special Litigation Committee to investigate the claims and allegations made in the derivative action, and to decide on behalf of the Company whether the claims and allegations should be pursued. In April 2014, the Special Litigation Committee issued a report and concluded the claims and allegations should not be pursued, and in September 2014 the case was dismissed by court order. In a collateral proceeding, the plaintiff filed a motion for an award of fees in November 2014. The Company has opposed the motion and this collateral proceeding is pending.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Repurchase of Equity Securities

Regis common stock is listed and traded on the New York Stock Exchange under the symbol "RGS."

The accompanying table sets forth the high and low closing bid quotations for each quarter during fiscal years 2015 and 2014 as reported by the New York Stock Exchange (under the symbol "RGS"). The quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not necessarily represent actual transactions.

As of August 17, 2015, Regis shares were owned by approximately 15,000 shareholders based on the number of record holders and an estimate of individual participants in security position listings. The closing stock price was $14.40 per share on August 17, 2015.

	Fiscal Years			
	2015		2014	
Fiscal Quarter	**High**	**Low**	**High**	**Low**
1st Quarter	$ 17.51	$ 13.50	$ 17.97	$ 14.50
2nd Quarter	17.76	14.58	16.15	13.99
3rd Quarter	17.41	14.70	14.64	11.48
4th Quarter	17.91	15.76	14.20	12.62

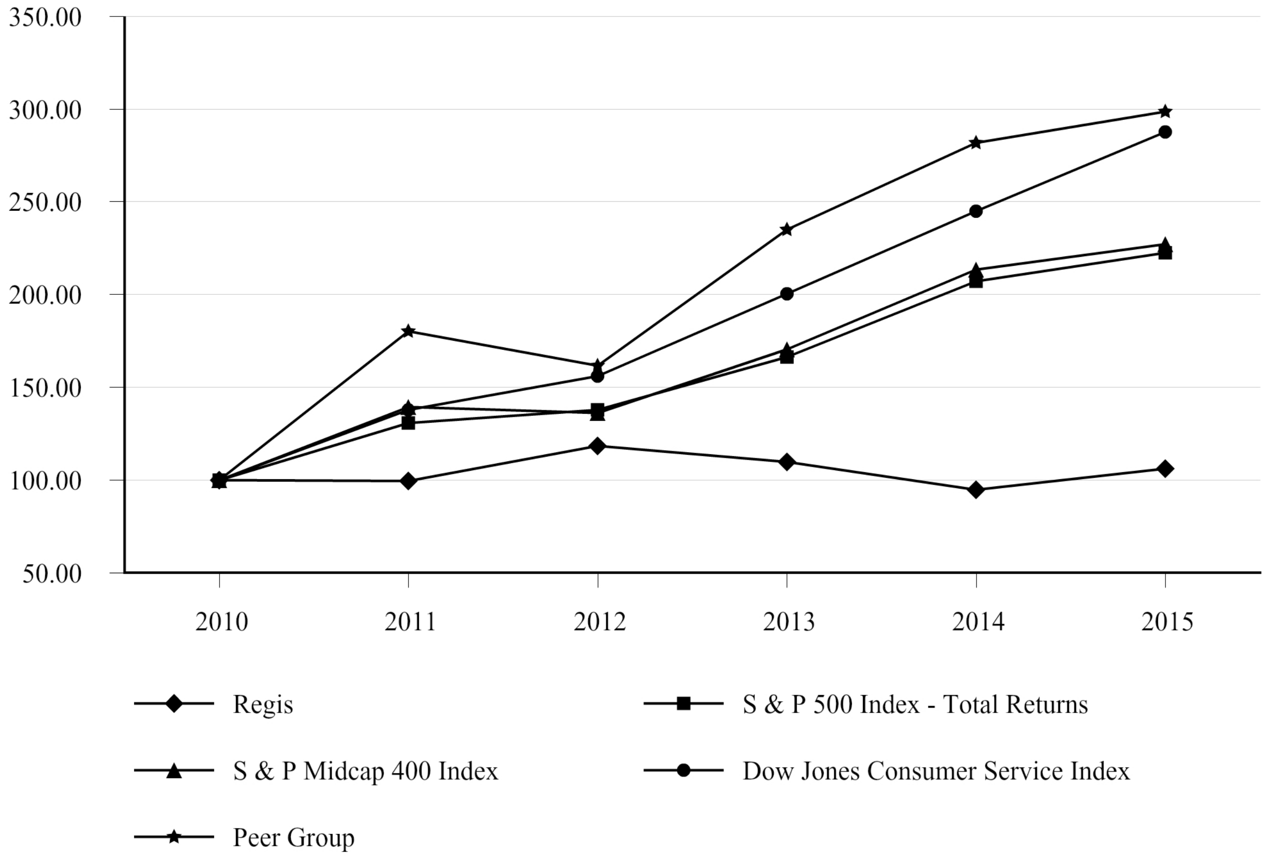
The Company paid dividends of $0.06 per share per quarter during the first and second quarters of fiscal year 2014. In December 2013, the Company announced a new capital allocation policy. As a result of this policy, the Board of Directors elected to discontinue declaring regular quarterly dividends.

The following graph compares the cumulative total shareholder return on the Company's stock for the last five years with the cumulative total return of the Standard and Poor's 500 Stock Index and the cumulative total return of a peer group index (the Peer Group) constructed by the Company. In addition, the Company has included the Standard and Poor's 400 Midcap Index and the Dow Jones Consumer Services Index in this analysis because the Company believes these two indices provide a comparative correlation to the cumulative total return of an investment in shares of Regis Corporation.

The Peer Group consists of the following companies: Advance Auto Parts, Inc., Boyd Gaming Corp., Brinker International, Inc., Outerwall, Inc. (formerly Coinstar, Inc.), Cracker Barrel Old Country Store, DineEquity, Inc., Fossil Group, Inc., Fred's, Inc., Keurig Green Mountain, Inc., H&R Block, Inc., Jack in the Box, Inc., Panera Bread Co., Penn National Gaming, Inc., Revlon, Inc., Sally Beauty Holdings, Inc., Service Corporation International, The Cheesecake Factory, Inc. and Ulta Salon, Cosmetics & Fragrance Inc. The Peer Group is a self-constructed peer group of companies that have comparable annual revenues, the guest service element is a critical component to the business and a target of moderate guests in terms of income and style, excluding apparel companies. The Peer Group is the same group of companies the Company utilized as its peer group for executive compensation purposes in fiscal years 2015, 2014 and 2013. Information regarding executive compensation will be set forth in the 2015 Proxy statement.

The comparison assumes the initial investment of $100 in the Company's Common Stock, the S&P 500 Index, the Peer Group, the S&P 400 Midcap Index and the Dow Jones Consumer Services Index on June 30, 2010 and that dividends, if any, were reinvested.

Comparison of 5 Year Cumulative Total Return
Assumes Initial Investment of $100
June 2015



	June 30,					
	2010	2011	2012	2013	2014	2015
Regis	$ 100.00	$ 99.51	$ 118.36	$ 109.68	$ 94.79	$ 106.10
S & P 500	100.00	130.69	137.81	166.20	207.10	222.47
S & P 400 Midcap	100.00	139.38	136.14	170.42	213.43	227.08
Dow Jones Consumer Service Index	100.00	137.70	156.01	200.38	244.94	287.66
Peer Group	100.00	180.20	161.60	235.08	281.80	298.58

In May 2000, the Company's Board of Directors (Board) approved a stock repurchase program. Originally, the program authorized up to $50.0 million to be expended for the repurchase of the Company's stock. The Board elected to increase this maximum to $100.0 million in August 2003, to $200.0 million on May 3, 2005, to $300.0 million on April 26, 2007 and to $350.0 million on April 21, 2015. The timing and amounts of any repurchases will depend on many factors, including the market price of the common stock and overall market conditions. Historically, repurchases to date have been made primarily to eliminate the dilutive effect of shares issued in conjunction with acquisitions, restricted stock grants and stock option exercises. In fiscal year 2015, repurchases were made in accordance with the Company's capital allocation policy issued in 2013. All repurchased shares become authorized but unissued shares of the Company. This repurchase program has no stated expiration date. As of June 30, 2015, a total accumulated 10.7 million shares have been repurchased for $289.1 million. As of June 30, 2015, $60.9 million remained outstanding under the approved stock repurchase program.

The Company repurchased the following common stock through its share repurchase program:

	Fiscal Years			
	2015	2014		2013
Repurchased Shares	3,054,387		—	909,175
Average Price (per share)	$15.64	$	—	$16.32
Price range (per share)	$13.72 - $17.32	$	—	$15.99 - $16.84
Total	$47.9 million	$	—	$14.9 million

The following table shows the stock repurchase activity by the Company or any "affiliated purchaser" of the Company, as defined in Rule 10b-18(a)(3) under the Exchange Act, by month for the quarter ended June 30, 2015:

Period	Total Number of Shares Purchased	Average Price Paid per Share		Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased under the Plans or Programs (in thousands)	
4/1/15 - 4/30/15	—	$	—	9,841,708	$	75,865
5/1/15 - 5/31/15	489,252		16.57	10,330,960		67,760
6/1/15 - 6/30/15	417,391		16.43	10,748,351		60,903
Total	906,643	$	16.50	10,748,351	$	60,903

Item 6. Selected Financial Data

Beginning with the period ended September 30, 2012 the Hair Restoration Centers operations were accounted for as discontinued operations. All periods presented reflect the Hair Restoration Centers as discontinued operations.

Amounts for fiscal years 2014, 2013, 2012 and 2011 have been revised. See Note 1 to the Consolidated Financial Statements.

The following table sets forth selected financial data derived from the Company's Consolidated Financial Statements in Part II, Item 8. The table should be read in conjunction with Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", and Item 8, "Financial Statements and Supplementary Data", of this Report on Form 10-K.

	Fiscal Years									
	2015		2014		2013		2012		2011	
	(Dollars in thousands, except per share data)									
Revenues	$	1,837,287	$	1,892,437	$	2,018,713	$	2,122,227	$	2,180,181
Operating income (loss)(a)		3,531		(34,958)		13,359		(2,226)		(14,990)
(Loss) income from continuing operations(a)		(33,212)		(139,874)		5,478		(51,950)		(21,503)
(Loss) income from continuing operations per diluted share		(0.60)		(2.48)		0.10		(0.91)		(0.38)
Dividends declared, per share		—		0.12		0.24		0.24		0.20

	June 30,									
	2015		2014		2013		2012		2011	
	(Dollars in thousands)									
Total assets, including discontinued operations	$	1,162,015	$	1,415,949	$	1,391,399	$	1,572,725	$	1,806,460
Long-term debt and capital lease obligations, including current portion		120,002		293,503		174,770		287,674		313,411

(a) The following significant items affected operating income (loss) and (loss) income from continuing operations:

- During fiscal year 2015, the Company recorded its share of a non-cash deferred tax asset valuation allowance recorded by EEG of $6.9 million, other than temporary impairment charges of its investment in EEG of $4.7 million, $14.6 million of fixed asset impairment charges and established a $2.1 million valuation allowance against its Canadian deferred tax assets.

- During fiscal year 2014, the Company experienced significant disruption as result of foundational initiatives implemented at the end of fiscal year 2013 to turn around our business. As a result, the Company's financial performance during fiscal year 2014 was negatively impacted. During fiscal year 2014, the Company recorded a goodwill impairment charge of $34.9 million associated with Company's Regis salon concept, fixed asset impairment charges of $18.3 million, $15.9 million, net of tax for the Company's share of goodwill and fixed asset impairment charges recorded by EEG and established an $86.6 million valuation allowance against the U.S. and U.K. deferred tax assets.

- During fiscal year 2013, the Company made significant investments in strategies to turn around our business and drive improved long-term sustainable growth and profitability. These included investing in stylist hours, rolling out a new POS system and salon workstations in our North American salons, restructuring our North American Value field organization and standardizing plan-o-grams and eliminating retail products. As a result, during fiscal year 2013, the Company recorded $7.4 million in restructuring charges and a $12.6 million inventory write-down. In addition, the Company recognized a net $33.8 million foreign currency translation gain in connection with the sale of Provalliance, recorded net other than temporary impairment charges of $17.9 million associated with the Company's investment in EEG and incurred a $10.6 million make-whole payment in connection with the prepayment of $89.3 million of senior term notes in June 2013.

- During fiscal year 2012, the Company recorded a goodwill impairment charge of $67.7 million associated with the Company's Regis salon concept, incremental amortization expense of $16.2 million associated with an adjustment to the useful life of the Company's previously internally developed POS system, $14.4 million for senior management and other restructuring charges, $8.9 million for the Company's share of intangible and fixed asset impairments recorded by EEG and $36.6 million of other than temporary impairment charges associated with the Company's investments in affiliated companies.

- During fiscal year 2011, the Company recorded a goodwill impairment charge of $74.1 million associated with the Company's former Promenade salon concept, a $31.2 million valuation reserve related to a note receivable with the purchaser of Trade Secret and $9.2 million of other than temporary impairment charges associated with the Company's investment in MY Style.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is designed to provide a reader of our financial statements with a narrative from the perspective of our management on our financial condition, results of operations, liquidity and certain other factors that may affect our future results.

BUSINESS DESCRIPTION

Regis Corporation owns, franchises and operates beauty salons. As of June 30, 2015, the Company owned, franchised or held ownership interests in 9,556 locations worldwide. The Company's locations consist of 9,349 company-owned and franchised salons and 207 locations in which we maintain a non-controlling ownership interest of less than 100%. Each of the Company's salon concepts generally offer similar salon products and services and serve the mass market. See discussion within Part I, Item 1.

RESULTS OF OPERATIONS

Beginning with the period ended September 30, 2012, the Hair Restoration Centers reportable segment was accounted for as a discontinued operation. See Note 2 to the Consolidated Financial Statements. All comparable periods reflect Hair Restoration Centers as a discontinued operation. Explanations are primarily for North American Value, unless otherwise noted. Discontinued operations are discussed at the end of this section.

Beginning in fiscal year 2014, costs associated with certain field leaders, excluding salons within the North American Premium segment, that were previously recorded within General and Administrative expense are now categorized within Cost of Service and Site Operating expense as a result of the field reorganization that took place in the fourth quarter of fiscal year 2013. Previously, these field leaders did not work on the salon floor daily. As reorganized, these field leaders now spend most of their time on the salon floor leading and mentoring stylists, and serving guests. As a result, district and senior district leader labor costs are now reported within Cost of Service rather than General and Administrative expenses, and their travel costs are reported within Site Operating expenses rather than General and Administrative expenses.

Beginning in the second quarter of fiscal year 2014, the Company redefined its operating segments to reflect how the chief operating decision maker evaluates the business subsequent to the restructuring of its North American field organization that took place in the fourth quarter of fiscal year 2013 and was completed during the second quarter of fiscal year 2014. See Notes 1 and 14 to the Consolidated Financial Statements.

Prior year amounts for fiscal years 2014, 2013 and 2012 have been revised. The following is a summary of the impact of revisions on (loss) income from continuing operations for fiscal years 2014 and 2013. See Note 1 to the Consolidated Financial Statements for further details regarding these revisions:

	Fiscal Years	
	2014	2013
	(Dollars in thousands)	
(Loss) income from continuing operations, as reported	$ (137,080)	$ 4,166
Revisions:		
Deferred rent, pre-tax (1)	(157)	(471)
Previous out of period items, pre-tax (2)	(811)	2,154
Tax impact	(1,826)	(371)
Total revision impact	(2,794)	1,312
(Loss) income from continuing operations, as revised	$ (139,874)	$ 5,478

(1) The Company recognizes rental expense on a straight-line basis at the time the leased space becomes available to the Company. During the fourth quarter of fiscal year 2015, the Company determined its deferred rent balance was understated by $5.3 million. Accordingly, the Consolidated Financial Statements have been revised to correctly state its deferred rent balances and rent expense. The revisions resulted in an increase in net loss from continuing operations of $0.2 million for fiscal year 2014 and a decrease in net income from continuing operations of $0.5 million for fiscal year 2013. Accrued expenses and other noncurrent liabilities increased $1.0 and $4.2 million, respectively, at June 30, 2014 and retained earnings at June 30, 2014 decreased $5.2 million as a result of the cumulative adjustment for prior periods. This revision had no impact on cash provided by operations or net increase (decrease) in cash and cash equivalents for any year.

(2) Also in the fourth quarter of fiscal year 2015, the Company revised certain prior year amounts in the Consolidated Balance Sheet and Statement of Operations to correctly recognize understatements of self-insurance accruals, interest expense, uncertain tax positions and cash and overstatements of inventory. The impact of these revisions resulted in an increase in net loss from continuing operations of $0.8 million for fiscal year 2014 and an increase in net income from continuing operations of $2.2 million for fiscal year 2013. Accrued expenses and other noncurrent liabilities increased $0.8 and $0.8 million, respectively, at June 30, 2014 and retained earnings at June 30, 2014 decreased by $1.6 million as a result of the cumulative adjustment for prior periods. In addition, cash and cash equivalents at June 30, 2013 increased by $0.6 million due to the revisions.

Consolidated Results of Operations

The following table sets forth, for the periods indicated, certain information derived from our Consolidated Statement of Operations. The percentages are computed as a percent of total revenues, except as otherwise indicated.

	Fiscal Years								
	2015	2014	2013	2015	2014	2013	2015	2014	2013
	(Dollars in millions)			% of Total Revenues			Basis Point Increase (Decrease)		
Service revenues	$ 1,429.4	$ 1,480.1	$ 1,563.9	77.8%	78.2%	77.5%	(40)	70	—
Product revenues	363.2	371.5	415.7	19.8	19.6	20.6	20	(100)	(10)
Franchise royalties and fees	44.6	40.9	39.1	2.4	2.2	1.9	20	30	10
Cost of service(1)	882.7	907.3	930.7	61.8	61.3	59.5	50	180	220
Cost of product(2)	180.6	186.9	228.9	49.7	50.3	55.1	(60)	(480)	470
Site operating expenses	192.4	203.5	202.1	10.5	10.8	10.0	(30)	80	20
General and administrative	186.1	172.8	226.7	10.1	9.1	11.2	100	(210)	(60)
Rent	309.1	322.3	325.2	16.8	17.0	16.1	(20)	90	50
Depreciation and amortization	82.9	99.7	91.8	4.5	5.3	4.5	(80)	80	(40)
Goodwill impairment	—	34.9	—	—	1.8	—	(180)	180	(320)
Interest expense	10.2	22.3	36.9	0.6	1.2	1.8	(60)	(60)	50
Interest income and other, net	1.7	2.0	35.4	0.1	0.1	1.8	—	(170)	160
Income tax (provision) benefit (3)	(14.6)	(73.0)	9.7	(293.4)	(131.9)	81.9	N/A	N/A	N/A
Equity in loss of affiliated companies, net of income taxes	(13.6)	(11.6)	(16.0)	(0.7)	(0.6)	(0.8)	(10)	20	70
(Loss) income from discontinued operations, net of income taxes	(0.6)	1.4	25.0	—	0.1	1.2	(10)	(110)	410

(1) Computed as a percent of service revenues and excludes depreciation and amortization expense.

(2) Computed as a percent of product revenues and excludes depreciation and amortization expense.

(3) Computed as a percent of (loss) income from continuing operations before income taxes and equity in loss of affiliated companies. The income tax (provision) benefit basis point change is noted as not applicable (N/A) as the discussion below is related to the effective income tax rate.

Consolidated Revenues

Consolidated revenues primarily include revenues of company-owned salons, product and equipment sales to franchisees and franchise royalties and fees. The following tables summarize revenues and same-store sales by concept, as well as the reasons for the percentage change:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
North American Value salons:			
SmartStyle	$ 500,562	$ 487,722	$ 509,537
Supercuts	343,299	343,372	343,464
MasterCuts	117,246	127,758	146,506
Other Value	442,312	471,231	516,074
Total North American Value salons	1,403,419	1,430,083	1,515,581
North American Premium salons	309,600	333,858	373,820
International salons	124,268	128,496	129,312
Consolidated revenues	$ 1,837,287	$ 1,892,437	$ 2,018,713
Percent change from prior year	(2.9)%	(6.3)%	(4.9)%
Salon same-store sales decrease(1)	(0.3)%	(4.8)%	(2.4)%

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(1) Same-store sales are calculated on a daily basis as the total change in sales for company-owned locations which were open on a specific day of the week during the current period and the corresponding prior period. Quarterly and fiscal year same-store sales are the sum of the same-store sales computed on a daily basis. Locations relocated within a one mile radius are included in same-store sales as they are considered to have been open in the prior period. International same-store sales are calculated in local currencies to remove foreign currency fluctuations from the calculation.

Decreases in consolidated revenues were driven by the following:

	Fiscal Years		
Factor	2015	2014	2013
Same-store sales	(0.3)%	(4.8)%	(2.4)%
Closed salons	(2.7)	(2.6)	(3.3)
New stores and conversions	0.6	0.8	1.3
Other	(0.5)	0.3	(0.5)
	(2.9)%	(6.3)%	(4.9)%

Same-store sales by concept by fiscal year are detailed in the table below:

	Fiscal Years		
	2015	2014	2013
SmartStyle	1.6 %	(5.4)%	(1.1)%
Supercuts	1.3 %	0.5 %	(0.7)%
MasterCuts	(4.0)%	(9.4)%	(5.1)%
Other Value	(0.7)%	(5.4)%	(2.8)%
Total North American Value salons	0.3 %	(4.5)%	(2.0)%
North American Premium salons	(3.0)%	(6.7)%	(3.1)%
International salons	0.6 %	(1.5)%	(4.3)%
Consolidated same-store sales	(0.3)%	(4.8)%	(2.4)%

The same-store sales decrease of 0.3% during fiscal year 2015 was due to a 1.9% decrease in guest visits, partly offset by a 1.6% increase in average ticket. We closed 338 and 322 salons (including 72 and 63 franchised salons) during fiscal years 2015 and 2014, respectively. The Company constructed (net of relocations) 91 company-owned salons during fiscal year 2015. We did not acquire any company-owned locations during fiscal year 2015. During fiscal year 2014, we acquired two company-owned salons via franchise buybacks.

The same-store sales decrease of 4.8% during fiscal year 2014 was due to a 6.1% decrease in guest visits, partly offset by a 1.3% increase in average ticket. We closed 322 and 492 salons (including 63 and 69 franchised salons) during fiscal years 2014 and 2013, respectively. The Company constructed (net of relocations) 127 company-owned salons during fiscal year 2014. During fiscal year 2014, we acquired two company-owned salons via franchise buybacks. We did not acquire any company-owned locations during fiscal year 2013.

The same-store sales decrease of 2.4% during fiscal year 2013 was due to a 3.0% decrease in guest visits, partly offset by a 0.6% increase in average ticket. We closed 492 and 384 salons (including 69 and 51 franchised salons) during fiscal years 2013 and 2012, respectively. The Company constructed (net of relocations) 153 company-owned salons during fiscal year 2013. We did not acquire any company-owned salons during fiscal year 2013 compared to 13 company-owned salons (including 11 franchise buybacks) during fiscal year 2012.

Consolidated revenues are primarily comprised of service and product revenues, as well as franchise royalties and fees. Fluctuations in these three major revenue categories, operating expenses and other income and expense were as follows:

Service Revenues

The $50.7 million decrease in service revenues during fiscal year 2015 was primarily due to the 0.4% decrease in same-store services sales, the closure of 266 company-owned salons and impacts of foreign exchange rate fluctuations. The decrease in same-store services sales was primarily a result of a 1.2% decrease in same-store guest visits, partly offset by a 0.8% increase in average ticket. Partly offsetting the decrease was growth from construction (net of relocations) of 91 company-owned salons during fiscal year 2015.

The $83.8 million decrease in service revenues during fiscal year 2014 was primarily due to the 3.4% decrease in same-store services sales and the closure of 259 company-owned salons. The decrease in same-store services sales was primarily a result of a 4.9% decrease in same-store guest visits, partly offset by a 1.5% increase in average ticket. Partly offsetting the decrease was growth from construction (net of relocations) of 127 company-owned salons during fiscal year 2014.

The $80.0 million decrease in service revenues during fiscal year 2013 was primarily due to the closure of 423 company-owned salons, same-store service sales decreasing 2.0% and the comparable prior period including an additional day from leap year. The decrease in same-store services sales was primarily a result of a 2.3% decrease in same-store guest visits, partly offset by a 0.3% increase in average ticket. Partly offsetting the decrease was growth from construction (net of relocations) of 153 company-owned salons during fiscal year 2013.

Product Revenues

The $8.2 million decrease in product revenues during fiscal year 2015 was primarily due to the closure of 266 company-owned salons, partly offset by an increase in product sales to 145 additional franchisee locations and 91 newly constructed company-owned salons (net of relocations) during fiscal year 2015. Same-store product sales were flat primarily a result of a 1.7% increase in same-store guest visits, partly offset by a 1.7% decrease in average ticket.

The $44.3 million decrease in product revenues during fiscal year 2014 was primarily due to same-store product sales decreasing 10.3% and the closure of 259 company-owned salons. This was partly offset by an increase in product sales to franchisees primarily due to 97 additional franchisee locations and 127 newly constructed company-owned salons (net of relocations) during fiscal year 2014. The decrease in same-store product sales was primarily a result of a 14.7% decrease in same-store guest visits, partly offset by a 4.4% increase in average ticket.

The $24.3 million decrease in product revenues during fiscal year 2013 was primarily due to same-store product sales decreasing 3.9%, the closure of 423 company-owned salons and the comparable prior period including an additional day from leap year, partly offset by an increase in product sales to franchisees primarily due to increases in franchised locations and product sales from 153 newly constructed company-owned salons (net of relocations) during fiscal year 2013. The decrease in same-store product sales was primarily a result of a 6.5% decrease in same-store guest visits, partly offset by a 2.6% increase in average ticket.

Royalties and Fees

Total franchised locations open at June 30, 2015 and 2014 were 2,324 and 2,179, respectively. The $3.8 million increase in royalties and fees was due to increased franchised locations during fiscal year 2015 and same-store sales increases at franchised locations.

Total franchised locations open at June 30, 2014 and 2013 were 2,179 and 2,082, respectively. The $1.8 million increase in royalties and fees was due to increased franchised locations during fiscal year 2014 and same-store sales increases at franchised locations.

Total franchised locations open at June 30, 2013 and 2012 were 2,082 and 2,016, respectively. The $0.8 million increase in royalties and fees was due to increased franchised locations during fiscal year 2013 and same-store sales increases at franchised locations.

Cost of Service

The 50 basis point increase in cost of service as a percent of service revenues during fiscal year 2015 was primarily due to state minimum wage increases, higher field incentives as the Company anniversaries an incentive-lite year and the lapping of a prior year rebate, partly offset by improved stylist productivity and a decrease in healthcare costs.

The 180 basis point increase in cost of service as a percent of service revenues during fiscal year 2014 was primarily due to the change in expense categorization as a result of the field reorganization that took place during the fourth quarter of fiscal year 2013. The change in the expense categorization accounted for 140 basis points of the increase for fiscal year 2014. The remaining increase of 40 basis points for fiscal year 2014 was primarily the result of negative leverage from stylist hours caused by a decline in same-store service sales, increased stylists wages and an increase in healthcare costs, partly offset by cost reductions due to the field reorganization and lower levels of bonuses and the lapping of a full commission coupon event that was not repeated.

The 220 basis point increase in cost of service as a percent of service revenues during fiscal year 2013 was primarily due to increased labor costs in our North American Value salons, a result of the Company's strategy to increase stylist hours in order to reduce guest wait times and improve the overall guest experience, and the negative leverage this created with same-store service sales declines. Also contributing to the basis point increase was the Company's decision earlier in the year to compensate stylists on the gross sales amount during certain coupon events and an increase in health insurance expense due to higher claims.

Cost of Product

The 60 basis point decrease in cost of product as a percent of product revenues during fiscal year 2015 was primarily the result of improved salon-level inventory management and compliance, closure of salons with higher product costs as a percent of product revenues and lapping of an inventory write-down in the prior year. These were partly offset by increased promotional activity and lapping of vendor rebates in the prior year.

The 480 basis point decrease in cost of product as a percent of product revenues during fiscal year 2014 was primarily the result of lapping a $12.6 million non-cash impairment charge recorded in the prior year. Prior year clearance sales in connection with standardizing plan-o-grams and reducing retail product assortments and reduced sales commissions in fiscal year 2014 further contributed to the decrease in cost of product as a percent of product revenues.

The 470 basis point increase in cost of product as a percent of product revenues during fiscal year 2013 was mainly attributed to our inventory simplification program, which standardized retail plan-o-grams, eliminated retail products and consolidated from four owned-brand product lines to one. In connection with these activities, the Company sold through clearance approximately $8.0 million of product and liquidated $12.6 million of remaining inventory into non Regis distribution channels within the parameters of existing supply agreements. While negatively impacting cost of product as a percent of product revenues, clearance sales and liquidation of inventories generated higher cash returns than past practices of repackaging and returning products to distribution centers for restocking, disposal or return to vendors. Further impacting cost of product as a percent of product sales were Hurricane Sandy product donations, partly offset by reductions to commissions paid on retail sales.

Site Operating Expenses

Site operating expenses decreased $11.0 million, or 30 basis points as a percent of consolidated revenues during fiscal year 2015 primarily due to store closures, mainly within our North American Value and Premium segments, lower self-insurance reserves, reduced marketing expenses, a sales and use tax refund and cost savings. The change in basis points during fiscal year 2015 was negatively impacted from negative leverage as a result of a decline in same-store sales.

Site operating expenses increased $1.3 million, or 80 basis points as a percent of consolidated revenues during fiscal year 2014. After considering the prior year change in expense categorization as a result of the field reorganization that took place during the fourth quarter of fiscal year 2013, site operating expense decreased $7.3 million during fiscal year 2014, primarily from increased salon connectivity costs to support the Company's POS system and salon workstations and increased marketing costs. These were partly offset by cost savings initiatives to lower utilities, janitorial and repairs and maintenance expenses, lower travel expense due to the field reorganization and reduced incentive compensation from lower same-store sales, lower self-insurance reserves and reduced freight. The change in basis points during fiscal year 2014 was negatively impacted by negative leverage as a result of a decline in same-store sales.

The 20 basis point increase in site operating expenses as a percent of consolidated revenues during fiscal year 2013 was primarily due to negative leverage from the decrease in same-store sales. Site operating expenses declined $5.4 million primarily within our North American Value and Premium segments due to a decrease in advertising costs, utilities and janitorial expense, partly offset by increases in salon connectivity costs to support the Company's new POS system and salon workstations and higher salon repairs and maintenance expense.

General and Administrative

General and administrative expense (G&A) increased $13.3 million, or 100 basis points as a percent of consolidated revenues, during fiscal year 2015. This increase was primarily driven by higher incentive compensation levels as the Company anniversaries an incentive-lite year, planned strategic investments in Asset Protection and Human Resource initiatives and the lapping of a favorable deferred compensation adjustment within our Unallocated corporate segment. These items were partly offset by cost savings and reduced legal and professional fees. The change in basis points during fiscal year 2015 was also negatively impacted by negative leverage as a result of a decline in same-store sales.

G&A declined $53.9 million, or 210 basis points as a percent of consolidated revenues, during fiscal year 2014. This improvement was primarily due to the change in expense categorization as a result of the field reorganization. The change in expense categorization accounted for $29.6 million of the decrease for fiscal year 2014. The remaining decrease of $24.3 million during fiscal year 2015 was primarily due to reduced levels of incentive compensation in our North American Value and Unallocated Corporate segments, cost savings from various initiatives and the field reorganization, reduced health insurance costs and a favorable deferred compensation adjustment within our Unallocated Corporate segment, partly offset by legal and professional fees.

G&A declined $22.9 million, or 60 basis points as a percent of consolidated revenues, during fiscal year 2013. This improvement was primarily due to reductions in salaries and benefits from our corporate reorganization executed in the prior year, certain cost savings initiatives in fiscal year 2013 and reduced levels of incentive pay in fiscal year 2013, partly offset by costs associated with rolling out our new POS system.

Rent

Rent expense decreased by $13.1 million, or 20 basis points as a percent of consolidated revenues, during fiscal year 2015 primarily due to salon closures, mainly within our North American Value and Premium segments. The change in basis points during fiscal year 2015 was also impacted by negative leverage associated with this fixed cost category.

Rent expense decreased by $2.9 million during fiscal year 2014 primarily due to salon closures, mainly within our North American Value and Premium segments. The 90 basis point increase in rent expense as a percent of consolidated revenues during fiscal year 2014 was primarily due to negative leverage associated with this fixed asset category.

Rent expense decreased by $6.2 million during fiscal year 2013 primarily due to salon closures, mainly within our North American Value and Premium segments. The 50 basis point increase during fiscal year 2013 was primarily due to negative leverage associated with this fixed cost category.

Depreciation and Amortization

Depreciation and amortization expense (D&A) decreased $16.9 million, or 80 basis points as a percent of consolidated revenues, during fiscal year 2015. This decrease was primarily driven by lower depreciation expense on a reduced salon base and reduced fixed asset impairment charges.

D&A increased $8.0 million, or 80 basis points as a percent of consolidated revenues during fiscal year 2014. This increase was primarily due to increased fixed asset impairment charges recorded in our North American Premium and Value segments, partly offset by declines in depreciation expense on a reduced salon base.

D&A decreased $13.2 million, or 40 basis points as a percent of consolidated revenues during fiscal year 2013. This decrease was primarily due to our lapping $16.2 million of accelerated amortization associated with the adjustment to the useful life of the Company's previously internally developed POS system. Partly offsetting the 40 basis point improvement was $1.9 million ($1.2 million net of tax or $0.02 per diluted share) of accelerated depreciation expense in fiscal year 2013 associated with exiting a leased building in conjunction with consolidating the Company's headquarters.

Goodwill Impairment

The Company did not record a goodwill impairment charge in fiscal year 2015 and 2013.

The Company recorded a goodwill impairment charge of $34.9 million related to the Regis salon concept during fiscal year 2014. The Company redefined its operating segments during the second quarter of fiscal year 2014. In addition, overall performance trends were down. For these reasons, the Company was required to perform this goodwill assessment in the second quarter of fiscal year 2014. As a result of this non-cash charge, the Company has no further goodwill on its balance sheet associated with the Regis salon concept (North American Premium). The Company remains focused on improving the performance of this business as it stabilizes and turns around the business. See Notes 1 and 4 to the Consolidated Financial Statements.

Interest Expense

Interest expense decreased by $12.1 million, or 60 basis points as a percent of consolidated revenues during fiscal year 2015 primarily due the settlement of the $172.5 million convertible senior notes in July 2014, partly offset by interest on the $120.0 million Senior Term Notes issued in November 2013.

Interest expense decreased by $14.7 million, or 60 basis points as a percent of consolidated revenues during fiscal year 2014 primarily due to a $10.6 million make-whole payment associated with the prepayment of private placement debt in June 2013 and decreased average outstanding debt and related interest rates compared to the prior year.

Interest expense increased by $8.7 million, or 50 basis points as a percent of consolidated revenues during fiscal year 2013 primarily due to a $10.6 million make-whole payment associated with the prepayment of private placement debt in June 2013, partly offset by decreased debt levels as compared to fiscal year 2012.

Interest Income and Other, net

Interest income and other, net was flat during fiscal year 2015 compared to the prior year period.

Interest income and other, net decreased $33.4 million, or 170 basis points as a percent of consolidated revenues, during fiscal year 2014. This decrease was primarily due to the recognition of a $33.8 million foreign currency translation gain in connection with the sale of Provalliance during fiscal year 2013.

Interest income and other, net increased $30.3 million, or 160 basis points as a percent of consolidated revenues, during fiscal year 2013. This increase was primarily due to the recognition of a $33.8 million foreign currency translation gain in connection with the sale of Provalliance, partly offset by fiscal year 2012 including a favorable legal settlement and the foreign currency impact on the Company's investment in MY Style.

Income Taxes

During fiscal year 2015, the Company recognized income tax expense of $14.6 million on $5.0 million of loss from continuing operations before income taxes and equity in loss of affiliated companies, for an effective tax rate of (293.4)%. The recorded tax expense and effective tax rate for fiscal year 2015 are higher than would be expected primarily due to the establishment of a $2.1 million valuation allowance against the majority of the Canadian deferred tax assets and $8.9 million non-cash tax expense relating to tax benefits on certain indefinite-lived assets that the Company cannot recognize for reporting purposes. This non-cash tax expense will continue as long as we have a valuation allowance in place and will cause our effective tax rate to fluctuate from quarter to quarter.

During fiscal year 2014, the Company recognized income tax expense of $73.0 million on $55.3 million of loss from continuing operations before income taxes and equity in loss of affiliated companies, for an effective tax rate of (131.9)%. The recorded tax expense and effective tax rate for fiscal year 2014 are higher than would be expected as a result of the $86.6 million non-cash valuation allowance established against the Company's U.S. and U.K. deferred tax assets and the tax effect of the $34.9 million goodwill impairment charge, which was partly non-deductible for tax purposes.

During fiscal year 2013, the Company recognized an income tax benefit of $9.7 million on $11.8 million of income from continuing operations before income taxes and equity in loss of affiliated companies, for an effective tax rate of 81.9%. The larger than expected effective tax rate benefit was because the $33.8 million foreign currency translation gain recognized at the time of the sale of Provalliance was primarily non-taxable, along with a benefit from Work Opportunity Tax Credits.

Equity in Loss of Affiliated Companies, Net of Income Taxes

The loss in affiliated companies, net of income taxes, of $13.6 million for fiscal year 2015 was primarily due to the Company recording its portion of EEG's non-cash deferred tax asset valuation allowance ($6.9 million) and EEG's net loss ($2.0 million), plus other than temporary non-cash impairment charges ($4.7 million). See Note 5 to the Consolidated Financial Statements.

The loss in affiliated companies, net of income taxes for fiscal year 2014, was primarily due to the Company recording its portion of EEG's goodwill impairment charge ($12.6 million, net of income taxes) and fixed asset impairment charges ($3.3 million, net of income taxes), partly offset by the recovery of $3.1 million on previously impaired investments in Yamano Holding Corporation. See Note 5 to the Consolidated Financial Statements.

The loss in affiliated companies, net of income taxes for fiscal year 2013 was primarily due to the Company's $17.9 million other than temporary impairment charge recorded on its investment in EEG, partly offset by the Company's share of EEG's net income and a $0.6 million gain on the Provalliance Equity Put that automatically terminated as a result of the sale of the Company's investment in Provalliance. See Note 5 to the Consolidated Financial Statements.

(Loss) Income from Discontinued Operations, Net of Income Taxes

During fiscal year 2015, the Company recognized $0.6 million of tax expense related to a legal settlement associated with the Trade Secret salon concept. See Note 2 to the Consolidated Financial Statements.

During fiscal year 2014, the Company recognized $1.4 million of tax benefit from discontinued operations for the release of tax reserves associated with the disposition of our Trade Secret salon concept. See Note 2 to the Consolidated Financial Statements.

During fiscal year 2013, the Company recognized $25.0 million of income, net of income taxes from discontinued operations, primarily from an after-tax gain of $17.8 million realized upon the sale of Hair Club and $12.6 million of income from Hair Club operations, net of income taxes, partly offset by $5.4 million of expense, net of income taxes, associated with professional and transaction fees.

Recent Accounting Pronouncements

Recent accounting pronouncements are discussed in Note 1 to the Consolidated Financial Statements.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Funds generated by operating activities, available cash and cash equivalents, and our revolving credit facility are our most significant sources of liquidity. We believe our sources of liquidity will be sufficient to sustain operations and to finance strategic initiatives for at least the next twelve months. We also anticipate having access to long-term financing. However, in the event our liquidity is insufficient and we are not able to access long-term financing, we may be required to limit or delay our strategic initiatives. There can be no assurance that we will continue to generate cash flows at or above current levels.

As of June 30, 2015, cash and cash equivalents were $212.3 million, with $198.0, $4.2 and $10.1 million in the U.S., Canada and Europe, respectively. During fiscal year 2015, $16.4 million of cash was returned to the U.S. through the repayment of intercompany notes.

We have a $400.0 million five-year senior unsecured revolving credit facility with a syndicate of banks that expires in June 2018. As of June 30, 2015, the Company had no outstanding borrowings under the facility and had outstanding standby letters of credit under the facility of $2.1 million, primarily related to its self-insurance program. Accordingly, unused available credit under the facility at June 30, 2015 was $397.9 million. Refer to additional discussion under Financing Arrangements.

Our ability to access our revolving credit facility is subject to our compliance with the terms and conditions of such facility, including a maximum leverage ratio, a minimum fixed charge ratio and other covenants and requirements. At June 30, 2015, we were in compliance with all covenants and other requirements of our credit agreement and senior notes.

Uses of Cash

The Company has a capital allocation policy that focuses on three key principles. These principles focus on preserving a strong balance sheet and enhancing operating flexibility, preventing unnecessary dilution so the benefits of future value accrue to shareholders and deploying capital to the highest and best use by optimizing the tradeoff between risk and after-tax returns.

During fiscal year 2015, the Company settled the $172.5 million convertible notes at par value with cash and repurchased approximately 3.1 million shares for $47.9 million.

Cash Flows

Cash Flows from Operating Activities

Fiscal year 2015 cash provided by operating activities of $94.0 million decreased by $22.8 million compared to the previous fiscal year, primarily as a result of a $12.0 million decrease in working capital primarily due to lapping fiscal year 2014 income tax refunds and lower earnings.

Fiscal year 2014 cash provided by operating activities of $116.8 million increased by $47.0 million compared to the previous fiscal year, primarily as a result of increased cash provided by working capital partly offset by the operating loss. The $77.2 million working capital improvement over the previous year was primarily the result of cash received in fiscal year 2014 for income tax refunds and the collection of weekend credit card receivables outstanding at the end of the previous fiscal year. Fiscal year 2013 working capital included cash used for increased deferred compensation payments and build of the outstanding income tax receivable collected in fiscal year 2014.

Fiscal year 2013 cash provided by operating activities of $69.8 million declined by $83.9 million compared to the previous fiscal year. Despite higher earnings in the fiscal year 2013, the decrease was attributable to decreases in revenues and increased cost of service and product resulting in changes in working capital. Cash payments of deferred compensation and income taxes also contributed to declines in cash provided by operating activities.

Cash Flows from Investing Activities

Cash used in investing activities during fiscal year 2015 of $35.6 million was less than the $44.4 million used in fiscal year 2014. In fiscal year 2015, we used $38.3 million for capital expenditures, partly offset by cash proceeds from sale of salon assets of $3.0 million.

Cash used in investing activities during fiscal year 2014 of $44.4 million was less than the $165.1 million cash provided in fiscal year 2013. In fiscal year 2014, we used $49.4 million for capital expenditures and received $3.1 million from the recovery of the Company's previously impaired investment in Yamano and the receipt of $2.0 million for the final working capital adjustment on the sale of Hair Club.

Cash provided by investing activities during fiscal year 2013 of $165.1 million was greater than the $90.9 million use of cash in fiscal year 2012. In fiscal year 2013, we received $266.2 million from sales of Hair Club and Provalliance and $26.4 million from EEG related to principal payments on the outstanding note receivable and revolving line of credit. These were partly offset by the Company placing $24.5 million into restricted cash to collateralize its self-insurance program, enabling the Company to reduce fees associated with previously utilized standby letters of credit and increased capital expenditures primarily related to the Company's POS system implementation.

Cash Flows from Financing Activities

During fiscal years 2015, 2014 and 2013, cash (used in) provided by financing activities were for net (repayments) borrowings of long-term debt of $(173.8), $111.0 and $(118.2) million, respectively and dividend payments of $0.0, $6.8 and $13.7 million, respectively. During fiscal years 2015 and 2013, the Company repurchased $47.9 and $14.9 million of common stock, respectively. During fiscal year 2014, the Company issued $120.0 million aggregate principal amount of senior unsecured notes due December 2017.

Financing Arrangements

Financing activities are discussed in Note 7 to the Consolidated Financial Statements. Derivative activities are discussed in Part II, Item 7A, "Quantitative and Qualitative Disclosures about Market Risk."

Management believes cash generated from operations and amounts available under existing debt facilities will be sufficient to fund its anticipated capital expenditures and required debt repayments for the foreseeable future. As of June 30, 2015, we have $397.9 million available under our existing revolving credit facility. We were in compliance with all covenants and other requirements of our credit agreement and senior notes as of June 30, 2015.

The Company's financing arrangements consists of the following:

	Maturity Dates	Interest rate % Fiscal Years 2015	Interest rate % Fiscal Years 2014	June 30, 2015	June 30, 2014
	(fiscal year)			(Dollars in thousands)	
Convertible senior notes	2015	5.0%	5.0%	$ —	$ 172,246
Senior term notes	2018	5.75	5.75	120,000	120,000
Revolving credit facility	2018	—	—	—	—
Equipment and leasehold notes payable	2015 - 2016	4.90 - 8.75	4.90 - 8.75	2	1,257
				120,002	293,503
Less current portion				(2)	(173,501)
Long-term portion				$ 120,000	$ 120,002

In November 2013, the Company issued $120.0 million aggregate principal amount of 5.75% unsecured senior notes due December 2017. Net proceeds from the issuance of the Senior Term Notes were $118.1 million. Interest on the Senior Term Notes is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2014. The entire outstanding principal is due at maturity.

The Company has a $400.0 million unsecured five-year revolving credit facility that expires in June 2018 and includes, among other things, a maximum leverage ratio covenant, a minimum fixed charge coverage ratio covenant and certain restrictions on liens, liquidity and other indebtedness. The Company may request an increase in revolving credit commitments under the facility of up to $200.0 million under certain circumstances. Events of default under the Credit Agreement include a change of control of the Company.

During June 2013, the Company prepaid $89.3 million of unsecured, fixed rate, senior term notes outstanding under a private shelf agreement.

Our debt to capitalization ratio, calculated as total debt as a percentage of total debt and shareholders' equity at fiscal year-end, was as follows:

As of June 30,	Debt to Capitalization	Basis Point Increase (Decrease)(1)
2015	16.1%	(1,300)
2014	29.1	1,210
2013	17.0	(760)

(1) Represents the basis point change in debt to capitalization as compared to prior fiscal year-end (June 30).

The basis point improvement in the debt to capitalization ratio as of June 30, 2015 compared to June 30, 2014 was primarily due to the $173.8 million repayment of long-term debt, which included $172.5 million for the repayment of the convertible notes. This was partly offset by the repurchase of 3.1 million shares of common stock for $47.9 million.

The basis point increase in the debt to capitalization ratio as of June 30, 2014 compared to June 30, 2013 was primarily due to the issuance of the $120.0 million Senior Term Notes, the $34.9 million non-cash goodwill impairment charge for the Regis salon concept, the $86.6 million non-cash valuation allowance established against the United States and United Kingdom deferred tax assets and the $12.6 million (net of tax) charge recorded by the Company for its share of the non-cash goodwill impairment charge recorded by EEG.

The basis point improvement in the debt to capitalization ratio as of June 30, 2013 compared to June 30, 2012 was primarily due to the prepayment of $89.3 million in private placement debt.

Contractual Obligations and Commercial Commitments

The following table reflects a summary of obligations and commitments outstanding by payment date as of June 30, 2015:

		Payments due by period			
Contractual Obligations	**Total**	**Within 1 year**	**1 - 3 years**	**3 - 5 years**	**More than 5 years**
		(Dollars in thousands)			
On-balance sheet:					
Debt obligations	$ 120,000	$ —	$ —	$ 120,000	$ —
Capital lease obligations	2	2	—	—	—
Other long-term liabilities	15,308	2,652	3,889	1,690	7,077
Total on-balance sheet	135,310	2,654	3,889	121,690	7,077
Off-balance sheet(a):					
Operating lease obligations	937,509	294,540	404,968	183,777	54,224
Interest on long-term debt and capital lease obligations	24,246	6,900	13,800	3,546	—
Total off-balance sheet	961,755	301,440	418,768	187,323	54,224
Total	$1,097,065	$ 304,094	$ 422,657	$ 309,013	$ 61,301

(a) In accordance with accounting principles generally accepted in the United States of America, these obligations are not reflected in the Consolidated Balance Sheet.

On-Balance Sheet Obligations

Our long-term obligations are composed primarily of senior term notes. There were no outstanding borrowings under our revolving credit facility at June 30, 2015. Interest payments on long-term debt and capital lease obligations are estimated based on each debt obligation's agreed upon rate as of June 30, 2015 and scheduled contractual repayments.

Other long-term liabilities of $15.3 million include $11.8 million related to a Nonqualified Deferred Salary Plan and a salary deferral program of $3.6 million related to established contractual payment obligations under retirement and severance payment agreements for a small number of retired employees.

This table excludes short-term liabilities, other than the current portion of long-term debt, disclosed on our balance sheet as the amounts recorded for these items will be paid in the next year. We have no unconditional purchase obligations. Also excluded from the contractual obligations table are payment estimates associated with employee health and workers' compensation claims for which we are self-insured. The majority of our recorded liability for self-insured employee health and workers' compensation losses represents estimated reserves for incurred claims that have yet to be filed or settled.

The Company has unfunded deferred compensation contracts covering certain management and executive personnel. The deferred compensation contracts are offered to key executives based on their level within the Company. Because we cannot predict the timing or amount of future payments related to these contracts, such amounts were not included in the table above. Related obligations totaled $2.8 and $5.9 million and are included in accrued liabilities and other noncurrent liabilities, respectively, in the Consolidated Balance Sheet at June 30, 2015. See Note 10 to the Consolidated Financial Statements.

As of June 30, 2015, we have liabilities for uncertain tax positions. We are not able to reasonably estimate the amount by which the liabilities will increase or decrease over time; however, at this time, we do not expect a significant payment related to these obligations within the next fiscal year. See Note 9 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements

Operating leases primarily represent long-term obligations for the rental of salons, including leases for company-owned locations, as well as future salon franchisee lease payments of approximately $207.4 million, which are reimbursed to the Company by franchisees. Regarding franchisee subleases, we generally retain the right to the related salon assets, net of any outstanding obligations, in the event of a default by a franchise owner. Management has not experienced and does not expect any material loss to result from these arrangements.

We are a party to a variety of contractual agreements under which we may be obligated to indemnify the other party for certain matters, which indemnities may be secured by operation of law or otherwise, in the ordinary course of business. These contracts primarily relate to our commercial contracts, operating leases and other real estate contracts, financial agreements, agreements to provide services and agreements to indemnify officers, directors and employees in the performance of their work. While our aggregate indemnification obligation could result in a material liability, we are not aware of any current matter that we expect to result in a material liability.

We do not have other unconditional purchase obligations or significant other commercial commitments such as commitments under lines of credit and standby repurchase obligations or other commercial commitments.

We continue to negotiate and enter into leases and commitments for the acquisition of equipment and leasehold improvements related to future salon locations.

We do not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of facilitating off-balance sheet financial arrangements or other contractually narrow or limited purposes at June 30, 2015. As such, we are not materially exposed to any financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

Dividends

We paid dividends of $0.12 and $0.24 per share during fiscal years 2014 and 2013, respectively. In December 2013, the Company announced a new capital allocation policy. As a result of this policy, the Board of Directors elected to discontinue declaring regular quarterly dividends.

Share Repurchase Program

In May 2000, the Company's Board of Directors (Board) approved a stock repurchase program. Originally, the program authorized up to $50.0 million to be expended for the repurchase of the Company's stock. The Board elected to increase this maximum to $100.0 million in August 2003, to $200.0 million on May 3, 2005, to $300.0 million on April 26, 2007 and to $350.0 million on April 21, 2015. The timing and amounts of any repurchases will depend on many factors, including the market price of the common stock and overall market conditions. Historically, the repurchases to date have been made primarily to eliminate the dilutive effect of shares issued in conjunction with acquisitions, restricted stock grants and stock option exercises. In fiscal year 2015, repurchases were made in accordance with the Company's capital allocation policy issued in 2013. All repurchased shares become authorized but unissued shares of the Company. This repurchase program has no stated expiration date. The Company repurchased 3,054,387 shares for $47.9 million and 909,175 shares for $14.9 million through its share repurchase program during fiscal years 2015 and 2013, respectively. The Company did not repurchase any shares during fiscal year 2014. As of June 30, 2015, a total accumulated 10.7 million shares have been repurchased for $289.1 million. As of June 30, 2015, $60.9 million remained outstanding under the approved stock repurchase program.

CRITICAL ACCOUNTING POLICIES

The Consolidated Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. In preparing the Consolidated Financial Statements, we are required to make various judgments, estimates and assumptions that could have a significant impact on the results reported in the Consolidated Financial Statements. We base these estimates on historical experience and other assumptions believed to be reasonable under the circumstances. Estimates are considered to be critical if they meet both of the following criteria: (1) the estimate requires assumptions about material matters that are uncertain at the time the accounting estimates are made, and (2) other materially different estimates could have been reasonably made or material changes in the estimates are reasonably likely to occur from period to period. Changes in these estimates could have a material effect on our Consolidated Financial Statements.

Our significant accounting policies can be found in Note 1 to the Consolidated Financial Statements. We believe the following accounting policies are most critical to aid in fully understanding and evaluating our reported financial condition and results of operations.

Investments In Affiliates

The Company has equity investments in securities of certain privately held entities. The Company accounts for these investments under the equity or cost method of accounting. Investments accounted for under the equity method are recorded at the amount of the Company's investment and adjusted each period for the Company's share of the investee's income or loss. Investments are reviewed for changes in circumstance or the occurrence of events that suggest the Company's investment may not be recoverable.

During fiscal years 2015 and 2013, the Company recorded non-cash impairments of $4.7 and $17.9 million, respectively, related to its investment in EEG. Due to economic, regulatory and other factors, including declines in enrollment, revenue and profitability in the for-profit secondary educational market, the Company may be required to take additional non-cash impairment charges related to its investments and such non-cash impairments could be material to its consolidated balance sheet and results of operations. During fiscal year 2015, the Company recorded its share, $6.9 million, of a non-cash deferred tax valuation allowance recorded directly by EEG. During fiscal years 2014 and 2013, the Company recorded its share, $21.2 and $2.1 million, respectively, of non-cash impairment charges recorded directly by EEG for goodwill and long-lived and intangible assets. EEG has no remaining goodwill. As of June 30, 2015, the exposure to loss related to the Company's involvement with EEG is the $14.8 million carrying value of the investment. See Note 5 to the Consolidated Financial Statements.

Goodwill

As of June 30, 2015 and 2014, the North American Value reporting unit had $419.0 and $425.3 million of goodwill, respectively and the North American Premium and International reporting units had no goodwill. See Note 4 to the Consolidated Financial Statements. The Company tests goodwill impairment on an annual basis, during the Company's fourth fiscal quarter, and between annual tests if an event occurs, or circumstances changes, that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Goodwill impairment test is performed at the reporting unit level, which are the same as the Company's operating segments. The goodwill test involves a two-step process. The first step is a comparison of the reporting unit's fair value to its carrying value, including goodwill. If the reporting unit's fair value exceeds its carrying value, no further procedures are required. However, if the reporting unit's fair value is less than the carrying value, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss. If the implied fair value of goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference.

In applying the goodwill impairment test, the Company may assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value ("Step 0"). Qualitative factors may include, but are not limited to, economic, market and industry condition, cost factors, and overall financial performance of the reporting unit. If after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the carrying value is less than the fair value, then performing the two-step impairment test is unnecessary.

The carrying value of each reporting unit is based on the assets and liabilities associated with the operations of the reporting unit, including allocation of shared or corporate balances among reporting units. Allocations are generally based on the number of salons in each reporting unit as a percent of total company-owned salons.

For the two-step impairment test, the Company calculates estimated fair values of the reporting units based on discounted future cash flows utilizing estimates in annual revenue, service and product margins, fixed expense rates, allocated corporate overhead, and long-term growth rates for determining terminal value. Where available and as appropriate, comparative market multiples are used in conjunction with the results of the discounted cash flows. The Company periodically engages third-party valuation consultants to assist in evaluating the Company's estimated fair value calculations.

Following is a description of the goodwill impairment analyses for each of the fiscal years:

Fiscal Year 2015

During the Company's annual impairment test, the Company assessed qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value ("Step 0"). The Company determined it is "more-likely-than-not" that the carrying value is less than the fair value. Accordingly, the Company did not perform a two-step quantitative analysis.

Fiscal Year 2014

During the second quarter of fiscal year 2014, the Company experienced two triggering events that resulted in the Company testing its goodwill for impairment. First, the Company redefined its operating segments to reflect how the chief operating decision maker evaluates the business as a result of restructuring the Company's North American field organization. Based on the changes to the Company's operating segment structure, goodwill has been reallocated to the new reporting units at June 30, 2014. See Note 14 to the Consolidated Financial Statements.

Second, the Regis and Promenade reporting units reported lower than projected same-store sales that were unfavorable compared to the Company's projections used in the fiscal year 2013 annual goodwill impairment test.

Accordingly, during the second quarter of fiscal year 2014, the Company performed interim goodwill impairment tests on its former Regis and Promenade reporting units. The impairment tests resulted in a $34.9 million non-cash goodwill impairment charge on the former Regis reporting unit and no impairment on the former Promenade reporting unit, as its estimated fair value exceeded its carrying value by approximately 12.0%. See Note 9 to the Consolidated Financial Statements.

Fiscal Year 2013

During the Company's annual impairment test, the Company performed the first step of the quantitative goodwill impairment test and determined that the fair value exceeded the carrying value for each of the Company's reporting units. Accordingly, the Company did not perform any further analysis.

As of June 30, 2015, the Company's estimated fair value, as determined by the sum of our reporting units' fair value, reconciled within a reasonable range of our market capitalization, which included an assumed control premium of 25.0%.

Long-Lived Assets, Excluding Goodwill

The Company assesses the impairment of long-lived assets at the individual salon level, as this is the lowest level for which identifiable cash flows are largely independent of other groups of assets and liabilities, when events or changes in circumstances indicate the carrying value of the assets or the asset grouping may not be recoverable. Factors considered in deciding when to perform an impairment review include significant under-performance of an individual salon in relation to expectations, significant economic or geographic trends, and significant changes or planned changes in our use of the assets. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the long-lived assets that do not recover the carrying values. If the undiscounted estimated cash flows are less than the carrying value of the assets, the Company calculates an impairment charge based on the assets' estimated fair value. The fair value of the long-lived assets is estimated using a discounted cash flow model based on the best information available, including market data and salon level revenues and expenses. Long-lived asset impairment charges are recorded within depreciation and amortization in the Consolidated Statement of Operations.

Judgments made by management related to the expected useful lives of long-lived assets and the ability to realize undiscounted cash flows in excess of the carrying amounts of such assets are affected by factors such as the ongoing maintenance and improvement of the assets, changes in economic conditions and changes in operating performance. As the ongoing expected cash flows and carrying amounts of long-lived assets are assessed, these factors could cause the Company to realize material impairment charges.

A summary of long-lived asset impairment charges follows:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
North American Value	$ 9,612	$ 11,714	$ 5,031
North American Premium	4,804	5,014	3,042
International	188	1,599	151
Total	$ 14,604	$ 18,327	$ 8,224

Income Taxes

Deferred income tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the Consolidated Financial Statements or income tax returns. Deferred income tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using currently enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is established for any portion of deferred tax assets that are not considered more likely than not to be realized. The Company evaluates all evidence, including recent financial performance, the existence of cumulative year losses and our forecast of future taxable income, to assess the need for a valuation allowance against our deferred tax assets. While the determination of whether or not to record a valuation allowance is not fully governed by a specific objective test, accounting guidance places significant weight on recent financial performance.

During fiscal year 2015, the Company was no longer able to conclude that it was more likely than not that the majority of its Canadian deferred tax assets would be fully realized and established a $2.1 million valuation allowance on these deferred tax assets. The primary cause for the Canadian valuation allowance was due to the recent negative financial performance in Canada and cumulative losses incurred in recent years. During fiscal year 2014, the Company established an $86.6 million valuation allowance on its U.S. and U.K. deferred tax assets.

The Company will continue to assess its ability to realize its deferred tax assets on a quarterly basis and will reverse the valuation allowance and record a tax benefit when the Company generates sufficient sustainable pretax earnings to make the realizability of the deferred tax assets more likely than not.

The Company reserves for unrecognized tax benefits, interest and penalties related to anticipated tax audit issues in the U.S. and other tax jurisdictions based on an estimate of whether additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of these liabilities would result in tax benefits being recognized in the period in which it is determined that the liabilities are no longer necessary. If the estimate of unrecognized tax benefits, interest and penalties proves to be less than the ultimate assessment, additional expenses would result. Inherent in the measurement of deferred balances are certain judgments and interpretations of tax laws and published guidance with respect to the Company's operations. Income tax expense is primarily the current tax payable for the period and the change during the period in certain deferred tax assets and liabilities.

Contingencies

The Company is a defendant in various lawsuits and claims arising out of the normal course of business. Like certain other large retail employers, the Company has been faced with allegations of purported class-wide consumer and wage and hour violations. Litigation is inherently unpredictable and the outcome of these matters cannot presently be determined. Although the actions are being vigorously defended, the Company could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations in any particular period.

In addition, the Company was a nominal defendant, and nine current and former directors and officers of the Company were named defendants, in a shareholder derivative action in Minnesota state court. The derivative shareholder action alleged that the individual defendants breached their fiduciary duties to the Company in connection with their approval of certain executive compensation arrangements and certain related party transactions. The Board of Directors appointed a Special Litigation Committee to investigate the claims and allegations made in the derivative action, and to decide on behalf of the Company whether the claims and allegations should be pursued. In April 2014, the Special Litigation Committee issued a report and concluded the claims and allegations should not be pursued, and in September 2014 the case was dismissed by court order. In a collateral proceeding, the plaintiff filed a motion for an award of fees in November 2014. The Company has opposed the motion and this collateral proceeding is pending. During fiscal years 2015, 2014 and 2013, the Company incurred \$0.7, \$3.3 and \$1.2 million of expense in conjunction with the derivative shareholder action. During fiscal year 2015, the Company received insurance reimbursement of \$1.0 million for legal fees previously paid in conjunction with the derivative shareholder action.

See Note 9 for discussion regarding certain issues that have resulted from the IRS' audit of fiscal year 2010 and 2011. In addition, the Company is currently under payroll tax examination by the IRS for calendar years 2012 and 2013. Final resolution of these issues is not expected to have a material impact on the Company’s financial position.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary market risk exposure of the Company relates to changes in interest rates in connection with its debt, specifically the revolving credit facility which bears interest at variable rates based on LIBOR plus an applicable borrowing margin. Additionally, the Company is exposed to foreign currency translation risk related changes in the Canadian dollar and British Pound. The Company has established policies and procedures that govern the management of these exposures through the use of derivative financial instrument contracts. By policy, the Company does not enter into such contracts for the purpose of speculation. The following details the Company's policies and use of financial instruments.

Interest Rate Risk:

The Company has established an interest rate management policy that attempts to minimize its overall cost of debt, while taking into consideration earnings implications associated with volatility in short-term interest rates. On occasion, the Company uses interest rate swaps to further mitigate the risk associated with changing interest rates and to maintain its desired balances of fixed and floating rate debt. In addition, access to variable rate debt is available through the Company's revolving credit facility. The Company reviews its policy and interest rate risk management quarterly and makes adjustments in accordance with market conditions and the Company's short and long-term borrowing needs. As of June 30, 2015, the Company did not have any outstanding variable rate debt as there were no amounts outstanding on the revolving credit facility. The Company had outstanding fixed rate debt balances of \$120.0 and \$293.5 million at June 30, 2015 and 2014, respectively.

Foreign Currency Exchange Risk:

Over 85% of the Company's revenue, expense and capital purchasing activities are transacted in United States dollars. However, because a portion of the Company's operations consists of activities outside of the United States, the Company has transactions in other currencies, primarily the Canadian dollar and British pound. In preparing the Consolidated Financial Statements, the Company is required to translate the financial statements of its foreign subsidiaries from the currency in which they keep their accounting records, generally the local currency, into United States dollars. Different exchange rates from period to period impact the amounts of reported income and the amount of foreign currency translation recorded in accumulated other comprehensive income (AOCI). As part of its risk management strategy, the Company frequently evaluates its foreign currency exchange risk by monitoring market data and external factors that may influence exchange rate fluctuations. As a result, the Company may engage in transactions involving various derivative instruments to hedge assets, liabilities and purchases denominated in foreign currencies. As of June 30, 2015, the Company did not have any derivative instruments to manage its foreign currency risk.

During fiscal years 2015, 2014 and 2013, the foreign currency (loss) gain included in net income was $(1.3), $0.1 and $33.4 million, respectively. During fiscal year 2013, Company recognized a $33.8 million foreign currency translation gain in connection with the sale of Provalliance.

Item 8. Financial Statements and Supplementary Data

Index to Consolidated Financial Statements:

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Regis Corporation:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, comprehensive loss, shareholders' equity and cash flows present fairly, in all material respects, the financial position of Regis Corporation and its subsidiaries at June 30, 2015 and June 30, 2014, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2015 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of June 30, 2015, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a material weakness in internal control over financial reporting related to the accounting for leases existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the 2015 consolidated financial statements, and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PRICEWATERHOUSECOOPERS LLP

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
August 28, 2015

REGIS CORPORATION

CONSOLIDATED BALANCE SHEET

(Dollars in thousands, except per share data)

	June 30, 2015	June 30, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 212,279	$ 378,627
Receivables, net	24,631	25,808
Inventories	128,610	137,151
Income tax receivable	993	6,461
Other current assets	61,769	65,219
Total current assets	428,282	613,266
Property and equipment, net	218,157	266,538
Goodwill	418,953	425,264
Other intangibles, net	17,069	19,812
Investment in affiliates	15,321	28,611
Other assets	64,233	62,458
Total assets	$ 1,162,015	$ 1,415,949
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Long-term debt and capital lease obligations, current	$ 2	$ 173,501
Accounts payable	63,302	68,491
Accrued expenses	153,362	144,544
Total current liabilities	216,666	386,536
Long-term debt	120,000	120,002
Other noncurrent liabilities	197,905	195,419
Total liabilities	534,571	701,957
Commitments and contingencies (Note 8)		
Shareholders' equity:		
Common stock, $0.05 par value; issued and outstanding, 53,664,366 and 56,651,166 common shares at June 30, 2015 and 2014, respectively	2,683	2,833
Additional paid-in capital	298,396	337,837
Accumulated other comprehensive income	9,506	22,651
Retained earnings	316,859	350,671
Total shareholders' equity	627,444	713,992
Total liabilities and shareholders' equity	$ 1,162,015	$ 1,415,949

The accompanying notes are an integral part of the Consolidated Financial Statements.

REGIS CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands, except per share data)

	Fiscal Years		
	2015	2014	2013
Revenues:			
Service	$ 1,429,408	$ 1,480,103	$ 1,563,890
Product	363,236	371,454	415,707
Royalties and fees	44,643	40,880	39,116
	1,837,287	1,892,437	2,018,713
Operating expenses:			
Cost of service	882,717	907,294	930,687
Cost of product	180,558	186,924	228,857
Site operating expenses	192,442	203,450	202,128
General and administrative	186,051	172,793	226,740
Rent	309,125	322,262	325,187
Depreciation and amortization	82,863	99,733	91,755
Goodwill impairment	—	34,939	—
Total operating expenses	1,833,756	1,927,395	2,005,354
Operating income (loss)	3,531	(34,958)	13,359
Other (expense) income:			
Interest expense	(10,206)	(22,290)	(36,944)
Interest income and other, net	1,697	1,952	35,366
(Loss) income from continuing operations before income taxes and equity in loss of affiliated companies	(4,978)	(55,296)	11,781
Income taxes	(14,605)	(72,955)	9,653
Equity in loss of affiliated companies, net of income taxes	(13,629)	(11,623)	(15,956)
(Loss) income from continuing operations	(33,212)	(139,874)	5,478
(Loss) income from discontinued operations, net of income taxes (Note 2)	(630)	1,353	25,028
Net (loss) income	$ (33,842)	$ (138,521)	$ 30,506
Net (loss) income per share:			
Basic and diluted:			
(Loss) income from continuing operations	(0.60)	(2.48)	0.10
(Loss) income from discontinued operations	(0.01)	0.02	0.44
Net (loss) income per share, basic and diluted (1)	$ (0.62)	$ (2.45)	$ 0.54
Weighted average common and common equivalent shares outstanding:			
Basic	54,992	56,482	56,704
Diluted	54,992	56,482	56,846
Cash dividends declared per common share	$ —	$ 0.12	$ 0.24

(1) Total is a recalculation; line items calculated individually may not sum to total due to rounding.

The accompanying notes are an integral part of the Consolidated Financial Statements.

REGIS CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

(Dollars in thousands)

	Fiscal Years		
	2015	2014	2013
Net (loss) income	$ (33,842)	$ (138,521)	$ 30,506
Other comprehensive (loss) income:			
Foreign currency translation adjustments:			
Foreign currency translation adjustments during the period	(13,515)	1,930	(1,349)
Reclassification adjustments for gains included in net (loss) income(1)	—	—	(33,842)
Net current period foreign currency translation adjustments	(13,515)	1,930	(35,191)
Recognition of deferred compensation and other, net of tax expense of $411 in fiscal year 2013(2)	370	165	656
Change in fair market value of financial instruments designated as cash flow hedges, net of tax benefit of $12 in fiscal year 2013(2)	—	—	(23)
Other comprehensive (loss) income	(13,145)	2,095	(34,558)
Comprehensive loss	$ (46,987)	$ (136,426)	$ (4,052)

(1) During fiscal year 2013, the Company recognized a $33.8 million foreign currency translation gain in connection with the sale of Provalliance and subsequent liquidation of all foreign entities with Euro denominated operations within interest income and other, net in the Consolidated Statement of Operations.

(2) During fiscal year 2014, the Company recorded a valuation allowance against the majority of its deferred tax assets. Any subsequent other comprehensive (loss) income adjustments were not tax effected.

The accompanying notes are an integral part of the Consolidated Financial Statements.

REGIS CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in thousands, except share data)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings	Total
	Shares	Amount				
Balance, June 30, 2012	57,415,241	$ 2,871	$ 346,943	$ 55,114	$ 478,922	$ 883,850
Net loss					30,506	30,506
Foreign currency translation adjustments				(35,191)		(35,191)
Stock repurchase program	(909,175)	(45)	(14,823)			(14,868)
Proceeds from exercise of SARs & stock options	3,051	—	41			41
Stock-based compensation			5,881			5,881
Shares issued through franchise stock incentive program	19,583	1	356			357
Recognition of deferred compensation and other, net of taxes (Note 10)				633		633
Net restricted stock activity	102,226	5	(2,728)			(2,723)
Vested stock option expirations			(1,404)			(1,404)
Minority interest (Note 1)					45	45
Dividends					(13,708)	(13,708)
Balance, June 30, 2013	56,630,926	2,832	334,266	20,556	495,765	853,419
Net income					(138,521)	(138,521)
Foreign currency translation adjustments				1,930		1,930
Proceeds from exercise of SARs & stock options	11	—	—			—
Stock-based compensation			6,400			6,400
Shares issued through franchise stock incentive program	20,095	1	289			290
Recognition of deferred compensation and other, net of taxes (Note 10)				165		165
Net restricted stock activity	134	—	(2,603)			(2,603)
Vested stock option expirations			(515)			(515)
Minority interest (Note 1)					220	220
Dividends					(6,793)	(6,793)
Balance, June 30, 2014	56,651,166	2,833	337,837	22,651	350,671	713,992
Net loss					(33,842)	(33,842)
Foreign currency translation adjustments				(13,515)		(13,515)
Stock repurchase program	(3,054,387)	(153)	(47,735)			(47,888)
Proceeds from exercise of SARs & stock options	623	—	—			—
Stock-based compensation			8,647			8,647
Shares issued through franchise stock incentive program	27,276	1	460			461
Recognition of deferred compensation (Note 10)				370		370
Net restricted stock activity	39,688	2	(813)			(811)
Minority interest (Note 1)					30	30
Balance, June 30, 2015	53,664,366	$ 2,683	$ 298,396	$ 9,506	$ 316,859	$ 627,444

The accompanying notes are an integral part of the Consolidated Financial Statements.

REGIS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)

	Fiscal Years		
	2015	2014	2013
Cash flows from operating activities:			
Net (loss) income	$ (33,842)	$ (138,521)	$ 30,506
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation and amortization	68,259	81,406	84,018
Equity in loss of affiliated companies	13,629	11,623	15,328
Dividends received from affiliated companies	—	—	1,095
Deferred income taxes	11,154	70,635	10,901
Gain from sale of salon assets	(1,210)	—	—
Accumulated other comprehensive income reclassification adjustments (Note 5)	—	—	(33,842)
Gain from sale of discontinued operations	—	—	(17,827)
Loss on write down of inventories	—	854	12,557
Goodwill impairment	—	34,939	—
Salon asset impairments	14,604	18,327	8,224
Stock-based compensation	8,647	6,400	5,881
Amortization of debt discount and financing costs	1,722	8,152	7,346
Other non-cash items affecting earnings	257	224	61
Changes in operating assets and liabilities(1):			
Receivables	446	5,681	(4,332)
Inventories	6,197	2,275	(10,465)
Income tax receivable	5,298	26,884	(23,421)
Other current assets	3,049	(5,979)	(7,724)
Other assets	(4,480)	(88)	239
Accounts payable	(3,261)	1,907	18,436
Accrued expenses	8,249	3,955	(27,162)
Other noncurrent liabilities	(4,756)	(11,919)	(23)
Net cash provided by operating activities	93,962	116,755	69,796
Cash flows from investing activities:			
Capital expenditures	(38,257)	(49,439)	(105,857)
Proceeds from sale of assets	2,986	14	163,916
Asset acquisitions, net of cash acquired	—	(15)	—
Proceeds from loans and investments	—	5,056	131,581
Change in restricted cash	(312)	—	(24,500)
Net cash (used in) provided by investing activities	(35,583)	(44,384)	165,140
Cash flows from financing activities:			
Borrowings on revolving credit facilities	—	—	5,200
Payments on revolving credit facilities	—	—	(5,200)
Proceeds from issuance of long-term debt, net of fees	—	118,058	—
Repayments of long-term debt and capital lease obligations	(173,751)	(7,059)	(118,223)
Repurchase of common stock	(47,888)	—	(14,868)
Dividends paid	—	(6,793)	(13,708)
Net cash (used in) provided by financing activities	(221,639)	104,206	(146,799)
Effect of exchange rate changes on cash and cash equivalents	(3,088)	914	1,056
(Decrease) increase in cash and cash equivalents	(166,348)	177,491	89,193
Cash and cash equivalents:			
Beginning of year	378,627	201,136	111,943
End of year	$ 212,279	$ 378,627	$ 201,136

(1) Changes in operating assets and liabilities exclude assets and liabilities sold.

The accompanying notes are an integral part of the Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Description:

Regis Corporation (the Company) owns, operates and franchises hairstyling and hair care salons throughout the United States (U.S.), the United Kingdom (U.K.), Canada and Puerto Rico. Substantially all of the hairstyling and hair care salons owned and operated by the Company in the U.S., Canada and Puerto Rico are located in leased space in enclosed mall shopping centers, strip shopping centers or Walmart Supercenters. Franchised salons throughout the U.S. are primarily located in strip shopping centers. Company-owned salons in the U.K. are owned and operated in malls, leading department stores, mass merchants and high-street locations.

During the second quarter of fiscal year 2014, the Company redefined its operating segments to reflect how the chief operating decision maker evaluates the business as a result of restructuring the Company's North American field organization. Based on the way the Company now manages its business, it has three reportable segments: North American Value, North American Premium and International salons. Prior to this change, the Company had two reportable operating segments: North American salons and International salons. See Note 14 to the Consolidated Statement of Operations. Concurrent with the change in reportable operating segments, the Company revised its prior period financial information to conform to the new segment structure. Historical financial information presented herein reflects this change.

Consolidation:

The Consolidated Financial Statements include the accounts of the Company and its subsidiaries after the elimination of intercompany accounts and transactions. All material subsidiaries are wholly owned. The Company consolidated variable interest entities where it has determined it is the primary beneficiary of those entities' operations.

Revisions:

The following is a summary of the impact of revisions on (loss) income from continuing operations for fiscal years 2014 and 2013:

	Fiscal Years	
	2014	2013
	(Dollars in thousands)	
(Loss) income from continuing operations, as reported	$ (137,080)	$ 4,166
Revisions:		
Deferred rent, pre-tax (1)	(157)	(471)
Previous out of period items, pre-tax (2)	(811)	2,154
Tax impact	(1,826)	(371)
Total revision impact	(2,794)	1,312
(Loss) income from continuing operations, as revised	$ (139,874)	$ 5,478

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(1) The Company recognizes rental expense on a straight-line basis at the time the leased space becomes available to the Company. During the fourth quarter of fiscal year 2015, the Company determined its deferred rent balance was understated by $5.3 million. Accordingly, the Consolidated Financial Statements have been revised to correctly state its deferred rent balances and rent expense. The revisions resulted in an increase in net loss from continuing operations of $0.2 million for fiscal year 2014 and a decrease in net income from continuing operations of $0.5 million for fiscal year 2013. Accrued expenses and other noncurrent liabilities increased $1.0 and $4.2 million, respectively, at June 30, 2014 and retained earnings at June 30, 2014 decreased $5.2 million as a result of the cumulative adjustment for prior periods. This revision had no impact on cash provided by operations or net increase (decrease) in cash and cash equivalents for any year.

(2) Also in the fourth quarter of fiscal year 2015, the Company revised certain prior year amounts in the Consolidated Balance Sheet and Statement of Operations to correctly recognize understatements of self-insurance accruals, interest expense, uncertain tax positions and cash and overstatements of inventory. The impact of these revisions resulted in an increase in net loss from continuing operations of $0.8 million for fiscal year 2014 and an increase in net income from

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

continuing operations of $2.2 million for fiscal year 2013. Accrued expenses and other noncurrent liabilities increased $0.8 and $0.8 million, respectively, at June 30, 2014 and retained earnings at June 30, 2014 decreased by $1.6 million as a result of the cumulative adjustment for prior periods. In addition, cash and cash equivalents at June 30, 2013 increased by $0.6 million due to the revisions.

The Company assessed the materiality of these misstatements on prior periods' financial statements in accordance with SEC Staff Accounting Bulletin ("SAB") No. 99, Materiality, codified in ASC 250 ("ASC 250"), Presentation of Financial Statements, and concluded these misstatements were not material to any prior annual or interim periods. Accordingly, in accordance with ASC 250 (SAB No. 108, Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements), the Consolidated Financial Statements as of June 30, 2014 and 2013, and the years then ended, which are presented herein, have been revised. The following are selected line items from the Company's Consolidated Financial Statements illustrating the effect of these revisions:

REGIS CORPORATION

CONSOLIDATED BALANCE SHEET

(Dollars in thousands)

	June 30, 2014		
	As Previously Reported	Revision	As Revised
LIABILITIES AND SHAREHOLDERS' EQUITY			
Accrued expenses	$ 142,720	$ 1,824	$ 144,544
Total current liabilities	384,712	1,824	386,536
Other noncurrent liabilities	190,454	4,965	195,419
Total liabilities	695,168	6,789	701,957
Retained earnings	357,460	(6,789)	350,671
Total shareholders' equity	720,781	(6,789)	713,992
Total liabilities and shareholders' equity	$ 1,415,949	$ —	$ 1,415,949

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REGIS CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS

(Dollars in thousands, except per share data)

	Fiscal Years 2014 As Previously Reported	2014 Revision	2014 As Revised	2013 As Previously Reported	2013 Revision	2013 As Revised
Cost of product	$ 187,204	$ (280)	$ 186,924	$ 228,577	$ 280	$ 228,857
Site operating expenses	202,359	1,091	203,450	203,912	(1,784)	202,128
Rent	322,105	157	322,262	324,716	471	325,187
Interest expense	(22,290)	—	(22,290)	(37,594)	650	(36,944)
(Loss) income from continuing operations before income taxes and equity in loss of affiliated companies	(54,328)	(968)	(55,296)	10,098	1,683	11,781
Income taxes	(71,129)	(1,826)	(72,955)	10,024	(371)	9,653
(Loss) income from continuing operations	(137,080)	(2,794)	(139,874)	4,166	1,312	5,478
Net (loss) income	$ (135,727)	$ (2,794)	$ (138,521)	$ 29,194	$ 1,312	$ 30,506
(Loss) income per share from continuing operations:						
Basic and diluted earnings per share(1)	$ (2.43)	$ (0.05)	$ (2.48)	$ 0.07	$ 0.02	$ 0.10
Net (loss) income per share:						
Basic and diluted earnings per share(1)	$ (2.40)	$ (0.05)	$ (2.45)	$ 0.51	$ 0.02	$ 0.54

(1) Total is a recalculation; line items calculated individually may not sum to total due to rounding.

REGIS CORPORATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Dollars in thousands)

	Fiscal Years 2014 As Previously Reported	2014 Revision	2014 As Revised	2013 As Previously Reported	2013 Revision	2013 As Revised
Net (loss) income	$ (135,727)	$ (2,794)	$ (138,521)	$ 29,194	$ 1,312	$ 30,506
Comprehensive loss	$ (133,632)	$ (2,794)	$ (136,426)	$ (5,364)	$ 1,312	$ (4,052)

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REGIS CORPORATION

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

(Dollars in thousands)

Fiscal Years

	Retained Earnings			Total		
	As Previously Reported	Revision	As Revised	As Previously Reported	Revision	As Revised
Balance, June 30, 2012	$ 484,229	$ (5,307)	$ 478,922	$ 889,157	$ (5,307)	$ 883,850
Net income	29,194	1,312	30,506	29,194	1,312	30,506
Balance, June 30, 2013	499,760	(3,995)	495,765	857,414	(3,995)	853,419
Net loss	(135,727)	(2,794)	(138,521)	(135,727)	(2,794)	(138,521)
Balance, June 30, 2014	$ 357,460	$ (6,789)	$ 350,671	$ 720,781	$ (6,789)	$ 713,992

REGIS CORPORATION

CONSOLIDATED STATEMENT OF CASH FLOWS

(Dollars in thousands)

Fiscal Years

	2014			2013		
	As Previously Reported	Revision	As Revised	As Previously Reported	Revision	As Revised
Cash flows from operating activities:						
Net (loss) income	$ (135,727)	$ (2,794)	$ (138,521)	$ 29,194	$ 1,312	$ 30,506
Deferred income taxes	68,781	1,854	70,635	10,322	579	10,901
Changes in operating assets and liabilities:						
Inventories	2,555	(280)	2,275	(10,745)	280	(10,465)
Other current assets	(6,503)	524	(5,979)	(8,064)	340	(7,724)
Other assets	(103)	15	(88)	239	—	239
Accounts payable	1,907	—	1,907	19,086	(650)	18,436
Accrued expenses	3,505	450	3,955	(26,431)	(731)	(27,162)
Other noncurrent liabilities	(11,502)	(417)	(11,919)	459	(482)	(23)
Net cash provided by operating activities	117,403	(648)	116,755	69,148	648	69,796
Cash: Beginning of Year	200,488	648	201,136	111,943	—	111,943
Cash: End of Year	378,627	—	378,627	200,488	648	201,136

Variable Interest Entities:

The Company has or has had interests in certain privately held entities through arrangements that do not involve voting interests. Such entities, known as a variable interest entity (VIE), are required to be consolidated by its primary beneficiary. The Company evaluates whether or not it is the primary beneficiary for each VIE using a qualitative assessment that considers the VIE's purpose and design, the involvement of each of the interest holders and the risk and benefits of the VIE.

As of June 30, 2015, the Company has one VIE, Roosters MGC International LLC (Roosters), where the Company is the primary beneficiary. The Company owns a 60.0% ownership interest in Roosters. As of June 30, 2015, total assets, total liabilities and total shareholders' equity of Roosters were $6.6, $1.5 and $5.1 million, respectively. Net income attributable to the non-controlling interest in Roosters was immaterial for fiscal years 2015, 2014 and 2013. Shareholders' equity attributable to the non-controlling interest in Roosters was $1.9 million and $1.8 million as of June 30, 2015 and 2014 and recorded within retained earnings on the Consolidated Balance Sheet.

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company utilized consolidation of variable interest entities guidance to determine whether or not its investment in Empire Education Group, Inc. (EEG) was a VIE, and if so, whether the Company was the primary beneficiary of the VIE. The Company concluded that EEG was not a VIE based on the fact that EEG had sufficient equity at risk. The Company accounts for EEG as an equity investment under the voting interest model, as the Company has granted the other shareholder of EEG an irrevocable proxy to vote a certain number of the Company's shares such that the other shareholder of EEG has voting control of 51.0% of EEG's common stock, as well as the right to appoint four of the five members of EEG's Board of Directors.

Use of Estimates:

The preparation of Consolidated Financial Statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

Cash equivalents consist of investments in short-term, highly liquid securities having original maturities of three months or less, which are made as a part of the Company's cash management activity. The carrying values of these assets approximate their fair market values. The Company primarily utilizes a cash management system with a series of separate accounts consisting of lockbox accounts for receiving cash, concentration accounts that funds are moved to, and several "zero balance" disbursement accounts for funding of payroll and accounts payable. As a result of the Company's cash management system, checks issued, but not presented to the banks for payment, may create negative book cash balances. There were no checks outstanding in excess of related book cash balances at June 30, 2015 and 2014.

The Company has restricted cash primarily related to contractual obligations to collateralize its self-insurance program. The restricted cash arrangement can be canceled by the Company at any time if substituted with letters of credit. The restricted cash balance is classified within other current assets on the Consolidated Balance Sheet.

Receivables and Allowance for Doubtful Accounts:

The receivable balance on the Company's Consolidated Balance Sheet primarily includes credit card receivables and accounts and notes receivable from franchisees. The balance is presented net of an allowance for expected losses (i.e., doubtful accounts), primarily related to receivables from the Company's franchisees. The Company monitors the financial condition of its franchisees and records provisions for estimated losses on receivables when it believes franchisees are unable to make their required payments based on factors such as delinquencies and aging trends.

The allowance for doubtful accounts is the Company's best estimate of the amount of probable credit losses related to existing accounts and notes receivables. As of June 30, 2015 and 2014, the allowance for doubtful accounts was $1.3 and $0.9 million, respectively.

Inventories:

Inventories of finished goods consist principally of hair care products for retail product sales. A portion of inventories are also used for salon services consisting of hair color, hair care products including shampoo and conditioner and hair care treatments including permanents, neutralizers and relaxers. Inventories are stated at the lower of cost or market, with cost determined on a weighted average cost basis.

Physical inventory counts are performed annually in the fourth quarter of the fiscal year. Product and service inventories are adjusted based on the physical inventory counts. During the fiscal year, cost of retail product sold to salon guests is determined based on the weighted average cost of product sold, adjusted for an estimated shrinkage factor and the cost of product used in salon services is determined by applying estimated percentage of total cost of service and product to service revenues. The estimated percentage related to service inventories is updated quarterly based on cycle count results and other factors that could impact the Company's margin rate estimates such as service sales mix, discounting and special promotions.

The Company has inventory valuation reserves for excess and obsolete inventories, or other factors that may render inventories unmarketable at their historical costs. Estimates of the future demand for the Company's inventory and anticipated changes in formulas and packaging are some of the other factors used by management in assessing the net realizable value of inventories. During fiscal years 2014 and 2013, the Company recorded inventory write-downs of $0.9 and $12.6 million, respectively, associated with standardizing plan-o-grams, eliminating retail products and consolidating from four owned-brand product lines to one.

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment:

Property and equipment are carried at cost, less accumulated depreciation and amortization. Depreciation of property and equipment is computed using the straight-line method over their estimated useful asset lives (30 to 39 years for buildings, 10 years for improvements and three to ten years for equipment, furniture and software). Depreciation expense was $66.6, $79.7 and $81.8 million in fiscal years 2015, 2014 and 2013, respectively.

The Company capitalizes both internal and external costs of developing or obtaining computer software for internal use. Costs incurred to develop internal-use software during the application development stage are capitalized, while data conversion, training and maintenance costs associated with internal-use software are expensed as incurred. Estimated useful lives range from five to seven years.

Expenditures for maintenance and repairs and minor renewals and betterments, which do not improve or extend the life of the respective assets, are expensed. All other expenditures for renewals and betterments are capitalized. The assets and related depreciation and amortization accounts are adjusted for property retirements and disposals with the resulting gain or loss included in operating income. Fully depreciated or amortized assets remain in the accounts until retired from service.

Long-Lived Asset Impairment Assessments, Excluding Goodwill:

The Company assesses the impairment of long-lived assets at the individual salon level, as this is the lowest level for which identifiable cash flows are largely independent of other groups of assets and liabilities, when events or changes in circumstances indicate the carrying value of the assets or the asset grouping may not be recoverable. Factors considered in deciding when to perform an impairment review include significant under-performance of an individual salon in relation to expectations, significant economic or geographic trends, and significant changes or planned changes in our use of the assets. Impairment is evaluated based on the sum of undiscounted estimated future cash flows expected to result from use of the long-lived assets that do not recover the carrying values. If the undiscounted estimated cash flows are less than the carrying value of the assets, the Company calculates an impairment charge based on the assets' estimated fair value. The fair value of the long-lived assets is estimated using a discounted cash flow model based on the best information available, including salon level revenues and expenses. Long-lived asset impairment charges are recorded within depreciation and amortization in the Consolidated Statement of Operations.

Judgments made by management related to the expected useful lives of long-lived assets and the ability to realize undiscounted cash flows in excess of the carrying amounts of such assets are affected by factors such as the ongoing maintenance and improvement of the assets, changes in economic conditions and changes in operating performance. As the ongoing expected cash flows and carrying amounts of long-lived assets are assessed, these factors could cause the Company to realize material impairment charges.

A summary of long-lived asset impairment charges follows:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
North American Value	$ 9,612	$ 11,714	$ 5,031
North American Premium	4,804	5,014	3,042
International	188	1,599	151
Total	$ 14,604	$ 18,327	$ 8,224

Goodwill:

As of June 30, 2015 and 2014, the North American Value reporting unit had $419.0 and $425.3 million of goodwill, respectively and the North American Premium and International reporting units had no goodwill. See Note 4 to the Consolidated Financial Statements. The Company tests goodwill impairment on an annual basis, during the Company's fourth fiscal quarter, and between annual tests if an event occurs, or circumstances changes, that would more likely than not reduce the fair value of a reporting unit below its carrying amount.

Goodwill impairment test is performed at the reporting unit level, which are the same as the Company's operating segments. The goodwill test involves a two-step process. The first step is a comparison of the reporting unit's fair value to its carrying value, including goodwill. If the reporting unit's fair value exceeds its carrying value, no further procedures are

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

required. However, if the reporting unit's fair value is less than the carrying value, an impairment of goodwill may exist, requiring a second step to measure the amount of impairment loss. If the implied fair value of goodwill is less than the recorded goodwill, an impairment charge is recorded for the difference.

In applying the goodwill impairment test, the Company may assess qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value ("Step 0"). Qualitative factors may include, but are not limited to, economic, market and industry condition, cost factors, and overall financial performance of the reporting unit. If after assessing these qualitative factors, the Company determines it is "more-likely-than-not" that the carrying value is less than the fair value, then performing the two-step impairment test is unnecessary.

The carrying value of each reporting unit is based on the assets and liabilities associated with the operations of the reporting unit, including allocation of shared or corporate balances among reporting units. Allocations are generally based on the number of salons in each reporting unit as a percent of total company-owned salons.

For the two-step impairment test, the Company calculates estimated fair values of the reporting units based on discounted future cash flows utilizing estimates in annual revenue, service and product margins, fixed expense rates, allocated corporate overhead, and long-term growth rates for determining terminal value. Where available and as appropriate, comparative market multiples are used in conjunction with the results of the discounted cash flows. The Company periodically engages third-party valuation consultants to assist in evaluating the Company's estimated fair value calculations.

Following is a description of the goodwill impairment analyses for each of the fiscal years:

Fiscal Year 2015

During the Company's annual impairment test, the Company assessed qualitative factors to determine whether it is more likely than not that the fair value of the reporting units is less than its carrying value ("Step 0"). The Company determined it is "more-likely-than-not" that the carrying value is less than the fair value. Accordingly, the Company did not perform a two-step quantitative analysis.

Fiscal Year 2014

During the second quarter of fiscal year 2014, the Company experienced two triggering events that resulted in the Company testing its goodwill for impairment. First, the Company redefined its operating segments to reflect how the chief operating decision maker evaluates the business as a result of restructuring the Company's North American field organization. Based on the changes to the Company's operating segment structure, goodwill has been reallocated to the new reporting units at June 30, 2014. See Note 14 to the Consolidated Financial Statements.

Second, the Regis and Promenade reporting units reported lower than projected same-store sales that were unfavorable compared to the Company's projections used in the fiscal year 2013 annual goodwill impairment test.

Accordingly, during the second quarter of fiscal year 2014, the Company performed interim goodwill impairment tests on its former Regis and Promenade reporting units. The impairment tests resulted in a $34.9 million non-cash goodwill impairment charge on the former Regis reporting unit and no impairment on the former Promenade reporting unit, as its estimated fair value exceeded its carrying value by approximately 12.0%. See Note 9 to the Consolidated Financial Statements.

Fiscal Year 2013

During the Company's annual impairment test, the Company performed the first step of the quantitative goodwill impairment test and determined that the fair value exceeded the carrying value for each of the Company's reporting units. Accordingly, the Company did not perform any further analysis.

As of June 30, 2015, the Company's estimated fair value, as determined by the sum of our reporting units' fair value, reconciled within a reasonable range of our market capitalization, which included an assumed control premium of 25.0%.

Investments In Affiliates:

The Company has equity investments in securities of certain privately held entities. The Company accounts for these investments under the equity or cost method of accounting. Investments accounted for under the equity method are recorded at the amount of the Company's investment and adjusted each period for the Company's share of the investee's income or loss.

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments are reviewed for changes in circumstance or the occurrence of events that suggest the Company's investment may not be recoverable.

During fiscal years 2015 and 2013, the Company recorded non-cash impairments of $4.7 and $17.9 million, respectively, related to its investment in EEG. Due to economic, regulatory and other factors, the Company may be required to take additional non-cash impairment charges related to its investments and such non-cash impairments could be material to its consolidated balance sheet and results of operations. Additionally, the Company recorded its share, $6.9 million, of a non-cash deferred tax asset valuation allowance recorded by EEG during fiscal year 2015. During fiscal years 2014 and 2013, the Company recorded its share, $21.2 and $2.1 million, respectively, of non-cash impairment charges recorded directly by EEG for goodwill and long-lived and intangible assets. EEG has no remaining goodwill. The exposure to loss related to the Company's involvement with EEG is the $14.8 million carrying value of the investment. See Note 5 to the Consolidated Financial Statements.

Self-Insurance Accruals:

The Company uses a combination of third party insurance and self-insurance for a number of risks including workers' compensation, health insurance, employment practice liability and general liability claims. The liability represents the Company's estimate of the undiscounted ultimate cost of uninsured claims incurred as of the balance sheet date.

The Company estimates self-insurance liabilities using a number of factors, primarily based on independent third-party actuarially-determined amounts, historical claims experience, estimates of incurred but not reported claims, demographic factors and severity factors.

Although the Company does not expect the amounts ultimately paid to differ significantly from the estimates, self-insurance accruals could be affected if future claims experience differs significantly from historical trends and actuarial assumptions. For fiscal years 2015, 2014 and 2013, the Company recorded increases (decreases) in expense from changes in estimates related to prior year open policy periods of $0.1, $(2.0) and $(1.1) million, respectively. A 10.0% change in the self-insurance reserve would affect (loss) income from continuing operations before income taxes and equity in loss of affiliated companies by approximately $4.8 million for fiscal year 2015, 2014 and 2013. The Company updates loss projections quarterly and adjusts its recorded liability to reflect updated projections. The updated loss projections consider new claims and developments associated with existing claims for each open policy period. As certain claims can take years to settle, the Company has multiple policy periods open at any point in time.

As of June 30, 2015, the Company had $18.3 and $29.9 million recorded in current liabilities and noncurrent liabilities, respectively, related to the Company's self-insurance accruals. As of June 30, 2014, the Company had $14.9 and $32.7 million recorded in current liabilities and noncurrent liabilities, respectively, related to the Company's self-insurance accruals.

Deferred Rent and Rent Expense:

The Company leases most salon locations under operating leases. Rent expense is recognized on a straight-line basis over the lease term. Tenant improvement allowances funded by landlord incentives, rent holidays and rent escalation clauses which provide for scheduled rent increases during the lease term or for rental payments commencing at a date other than the date of initial occupancy are recorded in the Consolidated Statements of Operations on a straight-line basis over the lease term (including one renewal period if renewal is reasonably assured based on the imposition of an economic penalty for failure to exercise the renewal option). The difference between the rent due under the stated periods of the lease and the straight-line basis is recorded as deferred rent within accrued expenses and other noncurrent liabilities in the Consolidated Balance Sheet.

For purposes of recognizing incentives and minimum rental expenses on a straight-line basis, the Company uses the date it obtains the legal right to use and control the leased space to begin amortization, which is generally when the Company enters the space and begins to make improvements in preparation of its intended use.

Certain leases provide for contingent rents, which are determined as a percentage of revenues in excess of specified levels. The Company records a contingent rent liability in accrued expenses on the Consolidated Balance Sheet, along with the corresponding rent expense in the Consolidated Statement of Operations, when specified levels have been achieved or when management determines that achieving the specified levels during the fiscal year is probable.

See earlier discussion in Note 1 to the Consolidated Financial Statements for the discussion of revision.

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition and Deferred Revenue:

Company-owned salon revenues are recognized at the time when the services are provided. Product revenues are recognized when the guest receives and pays for the merchandise. Revenues from purchases made with gift cards are also recorded when the guest takes possession of the merchandise or services are provided. Gift cards issued by the Company are recorded as a liability (deferred revenue) until they are redeemed.

Product sales by the Company to its franchisees are included within product revenues on the Consolidated Statement of Operations and recorded at the time product is shipped to franchise locations.

Franchise revenues primarily include royalties, initial franchise fees and net rental income. Royalties are recognized as revenue in the month in which franchisee services are rendered. The Company recognizes revenue from initial franchise fees at the time franchise locations are opened, as this is generally when the Company has performed all initial services required under the franchise agreement.

Classification of Expenses:

The following discussion provides the primary costs classified in each major expense category:

Beginning in fiscal year 2014, costs associated with field leaders, excluding salons within the North American Premium segment, that were previously recorded within General and Administrative expense are now categorized within Cost of Service and Site Operating expense as a result of the field reorganization that took place in the fourth quarter of fiscal year 2013. Previously, field leaders did not work on the salon floor daily. As reorganized, field leaders now spend most of their time on the salon floor leading and mentoring stylists and serving guests. As a result, district and senior district leader labor costs are now reported within Cost of Service rather than General and Administrative expenses and their travel costs are reported within Site Operating expenses rather than General and Administrative expenses.

Cost of service— labor costs related to salon employees, costs associated with our field supervision (fiscal years 2015 and 2014) and the cost of product used in providing service.

Cost of product— cost of product sold to guests, labor costs related to selling retail product and the cost of product sold to franchisees.

Site operating— direct costs incurred by the Company's salons, such as advertising, workers' compensation, insurance, utilities, travel costs associated with our field supervision (fiscal years 2015 and 2014) and janitorial costs.

General and administrative— costs associated with our field supervision (fiscal year 2013), salon training and promotions, distribution centers and corporate offices (such as salaries and professional fees), including cost incurred to support franchise operations.

Consideration Received from Vendors:

The Company receives consideration for a variety of vendor-sponsored programs. These programs primarily include volume rebates and promotion and advertising reimbursements.

With respect to volume rebates, the Company estimates the amount of rebate it will receive and accrues it as a reduction to the cost of inventory over the period in which the rebate is earned based upon historical purchasing patterns and the terms of the volume rebate program. A quarterly analysis is performed in order to ensure the estimated rebate accrued is reasonable and any necessary adjustments are recorded.

Shipping and Handling Costs:

Shipping and handling costs are incurred to store, move and ship product from the Company's distribution centers to company-owned and franchise locations and include an allocation of internal overhead. Such shipping and handling costs related to product shipped to company-owned locations are included in site operating expenses in the Consolidated Statement of Operations. Shipping and handling costs related to shipping product to franchise locations totaled \$3.6, \$3.2 and \$3.6 million during fiscal years 2015, 2014 and 2013, respectively and are included within general and administrative expenses on the Consolidated Statement of Operations. Any amounts billed to franchisees for shipping and handling are included in product revenues within the Consolidated Statement of Operations.

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising:

Advertising costs, including salon collateral material, are expensed as incurred. Advertising costs expensed and included in continuing operations in fiscal years 2015, 2014 and 2013 was $38.7, $40.6 and $39.2 million, respectively.

Advertising Funds:

The Company has various franchising programs supporting certain of its franchise salon concepts. Most maintain advertising funds that provide comprehensive advertising and sales promotion support. The Company is required to participate in the advertising funds for company-owned locations under the same salon concept. The Company assists in the administration of the advertising funds. However, a group of individuals consisting of franchisee representatives has control over all of the expenditures and operates the funds in accordance with franchise operating and other agreements.

The Company records advertising expense in the period the company-owned salon makes contributions to the respective advertising fund. During fiscal years 2015, 2014 and 2013, total contributions to the franchise advertising funds totaled $18.0, $18.6 and $19.0 million, respectively.

The Company records all advertising funds as assets and liabilities within the Company's Consolidated Balance Sheet. As of June 30, 2015 and 2014, approximately $24.1 and $26.8 million, respectively, representing the advertising funds' assets and liabilities were recorded within total assets and total liabilities in the Company's Consolidated Balance Sheet.

Stock-Based Employee Compensation Plans:

The Company recognizes stock-based compensation expense based on the fair value of the awards at the grant date. Compensation expense is recognized on a straight-line basis over the requisite service period of the award (or to the date a participant becomes eligible for retirement, if earlier). The Company uses option pricing methods that require the input of subjective assumptions, including the expected term, expected volatility, dividend yield and risk-free interest rate.

The Company estimates the likelihood and the rate of achievement for performance sensitive stock-based awards at the end of each reporting period. Changes in the estimated rate of achievement can have a significant effect on the recorded stock-based compensation expense as the effect of a change in the estimated achievement level is recognized in the period the change occurs.

Preopening Expenses:

Non-capital expenditures such as payroll, training costs and promotion incurred prior to the opening of a new location are expensed as incurred.

Sales Taxes:

Sales taxes are recorded on a net basis (rather than as both revenue and an expense) within the Company's Consolidated Statement of Operations.

Income Taxes:

Deferred income tax assets and liabilities are recognized for the expected future tax consequences of events that have been included in the Consolidated Financial Statements or income tax returns. Deferred income tax assets and liabilities are determined based on the differences between the financial statement and tax basis of assets and liabilities using currently enacted tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is established for any portion of deferred tax assets that are not considered more likely than not to be realized. The Company evaluates all evidence, including recent financial performance, the existence of cumulative year losses and our forecast of future taxable income, to assess the need for a valuation allowance against our deferred tax assets. While the determination of whether or not to record a valuation allowance is not fully governed by a specific objective test, accounting guidance places significant weight on recent financial performance.

During fiscal year 2015, the Company was no longer able to conclude that it was more likely than not that the majority of its Canadian deferred tax assets would be fully realized and established a $2.1 million valuation allowance on these deferred tax assets. The primary cause for the Canadian valuation allowance was due to the recent negative financial performance in Canada and cumulative losses incurred in recent years. During fiscal year 2014, the Company established an $86.6 million valuation allowance on its U.S. and U.K. deferred tax assets.

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company will continue to assess its ability to realize its deferred tax assets on a quarterly basis and will reverse the valuation allowance and record a tax benefit when the Company generates sufficient sustainable pretax earnings to make the realizability of the deferred tax assets more likely than not.

The Company reserves for unrecognized tax benefits, interest and penalties related to anticipated tax audit issues in the U.S. and other tax jurisdictions based on an estimate of whether additional taxes will be due. If payment of these amounts ultimately proves to be unnecessary, the reversal of these liabilities would result in tax benefits being recognized in the period in which it is determined that the liabilities are no longer necessary. If the estimate of unrecognized tax benefits, interest and penalties proves to be less than the ultimate assessment, additional expenses would result. Inherent in the measurement of deferred balances are certain judgments and interpretations of tax laws and published guidance with respect to the Company's operations. Income tax expense is primarily the current tax payable for the period and the change during the period in certain deferred tax assets and liabilities.

Net (Loss) Income Per Share:

The Company's basic earnings per share is calculated as net (loss) income divided by weighted average common shares outstanding, excluding unvested outstanding restricted stock awards and restricted stock units. The Company's dilutive earnings per share is calculated as net (loss) income divided by weighted average common shares and common share equivalents outstanding, which includes shares issuable under the Company's stock option plan and long-term incentive plan and dilutive securities. Stock-based awards with exercise prices greater than the average market value of the Company's common stock are excluded from the computation of diluted earnings per share. The Company's diluted earnings per share will also reflect the assumed conversion under the Company's convertible debt if the impact is dilutive, along with the exclusion of related interest expense, net of taxes. The impact of the convertible debt is excluded from the computation of diluted earnings per share when interest expense per common share obtainable upon conversion is greater than basic earnings per share.

Comprehensive (Loss) Income:

Components of comprehensive (loss) income include net (loss) income, foreign currency translation adjustments, changes in fair value of derivative instruments, recognition of deferred compensation and reclassification adjustments, net of tax within shareholders' equity.

Foreign Currency Translation:

Financial position, results of operations and cash flows of the Company's international subsidiaries are measured using local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the exchange rates in effect at each fiscal year end. Translation adjustments arising from the use of differing exchange rates from period to period are included in accumulated other comprehensive income within shareholders' equity. Statement of Operations accounts are translated at the average rates of exchange prevailing during the year. During fiscal years 2015, 2014 and 2013, the foreign currency (loss) gain recorded within interest income and other, net in the Consolidated Statement of Operations was $(1.3), $0.1 and $33.4 million, respectively. During fiscal year 2013, the Company recognized a $33.8 million foreign currency translation gain in connection with the sale of Provalliance and subsequent liquidation of all foreign entities with Euro denominated operations within interest income and other, net in the Consolidated Statement of Operations.

Accounting Standards Recently Issued But Not Yet Adopted by the Company:

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board ("FASB") issued updated guidance for revenue recognition. The updated accounting guidance provides a comprehensive new revenue recognition model that requires a Company to recognize revenue to depict the exchange for goods or services to a customer at an amount that reflects the consideration it expects to receive for those goods or services. The guidance also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The guidance was effective for the Company beginning in the first quarter of fiscal year 2018. In July 2015, the FASB deferred the effective date one year and is now effective for the Company in the first quarter of fiscal year 2019. Early adoption as of the original effective date will be permitted. The standard allows for either “full retrospective” adoption, meaning the standard is applied to all of the periods presented, or “modified retrospective” adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Company does not expect the adoption of this update to have a material impact on the Company's consolidated financial statements and is evaluating the effect this guidance will have on its related disclosures.

1. BUSINESS DESCRIPTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity

In April 2014, the FASB updated the accounting guidance related to the definition of a discontinued operation and related disclosures. The updated accounting guidance defines a discontinued operation as a disposal of a component or a group of components that is to be disposed of or is classified as held for sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results. The updated guidance is effective for the Company beginning in the first quarter of fiscal year 2016 with early adoption permitted. The Company does not expect the adoption of this update to have a material impact on the Company's consolidated financial statements.

2. DISCONTINUED OPERATIONS

Hair Restoration Centers

On April 9, 2013, the Company sold its Hair Club for Men and Women business (Hair Club), a provider of hair restoration services. The sale included the Company's 50.0% interest in Hair Club for Men, Ltd., which was previously accounted for under the equity method. At the closing of the sale, the Company received $162.8 million, which represented the purchase price of $163.5 million adjusted for the preliminary working capital provision. During fiscal year 2014, the Company collected $3.0 million of cash recorded as receivable as of June 30, 2013, of which $2.0 million was a result of the final working capital provision, resulting in a final purchase price of $164.8 million and $1.0 million was excess cash from the transaction completion date. The Company recorded an after-tax gain of $17.8 million upon the sale of Hair Club and incurred $5.4 million in professional and transaction fees during fiscal year 2013 associated with the sale.

The Company classified the results of operations of Hair Club as discontinued operations for all periods presented in the Consolidated Statement of Operations. There was no significant continuing involvement by the Company in the operations of Hair Club after the disposal.

The following summarizes the results of operations of our discontinued Hair Club operations for the periods presented:

	Fiscal Year
	2013
	(Dollars in thousands)
Revenues	$ 115,734
Income from discontinued operations, before income taxes	$ 28,643
Income tax provision on discontinued operations	(4,242)
Equity in income of affiliated companies, net of tax	627
Income from discontinued operations, net of income taxes	$ 25,028

Income taxes have been allocated to continuing and discontinued operations based on the methodology required by accounting for income taxes guidance. Depreciation and amortization ceased during fiscal year 2013 in accordance with accounting for discontinued operations.

Trade Secret

On February 16, 2009, the Company sold its Trade Secret salon concept (Trade Secret). The Company reported Trade Secret as a discontinued operation. During fiscal year 2015, the Company recorded expenses of $0.6 million in discontinued operations related to Trade Secret legal fees. During fiscal year 2014, the Company recorded tax benefits of $1.4 million in discontinued operations related to the release of tax reserves associated with the disposition of Trade Secret.

3. OTHER FINANCIAL STATEMENT DATA

The following provides additional information concerning selected balance sheet accounts:

	June 30, 2015	June 30, 2014(1)
	(Dollars in thousands)	
Other current assets:		
Prepaids	$ 33,184	$ 36,951
Restricted cash	27,811	27,500
Other	774	768
	$ 61,769	$ 65,219
Property and equipment:		
Land	$ 3,864	$ 3,864
Buildings and improvements	48,563	48,108
Equipment, furniture and leasehold improvements	748,737	797,757
Internal use software	97,740	122,826
Equipment, furniture and leasehold improvements under capital leases	73,492	77,223
	972,396	1,049,778
Less accumulated depreciation and amortization	(689,128)	(718,959)
Less amortization of equipment, furniture and leasehold improvements under capital leases	(65,111)	(64,281)
	$ 218,157	$ 266,538
Accrued expenses:		
Payroll and payroll related costs	$ 79,778	$ 69,319
Insurance	21,145	19,493
Other	52,439	55,732
	$ 153,362	$ 144,544
Other noncurrent liabilities:		
Deferred income taxes	$ 91,197	$ 83,201
Deferred rent	39,417	41,121
Insurance	29,910	33,530
Deferred benefits	20,710	25,965
Other	16,671	11,602
	$ 197,905	$ 195,419

(1) Prior year amounts for fiscal year 2014 have been revised. See Note 1 to the Consolidated Financial Statements.

3. OTHER FINANCIAL STATEMENT DATA (Continued)

The following provides additional information concerning other intangibles, net:

	June 30, 2015				June 30, 2014			
	Weighted Average Amortization Periods (1)	Cost	Accumulated Amortization	Net	Weighted Average Amortization Periods (1)	Cost	Accumulated Amortization	Net
	(In years)	(Dollars in thousands)			(In years)	(Dollars in thousands)		
Amortized intangible assets:								
Brand assets and trade names	32	$ 8,415	$ (3,551)	$ 4,864	32	$ 9,203	$ (3,510)	$ 5,693
Franchise agreements	19	10,093	(6,934)	3,159	19	11,063	(7,163)	3,900
Lease intangibles	20	14,601	(7,960)	6,641	20	14,775	(7,326)	7,449
Other	20	6,115	(3,710)	2,405	20	5,074	(2,304)	2,770
	22	$ 39,224	$ (22,155)	$ 17,069	22	$ 40,115	$ (20,303)	$ 19,812

(1) All intangible assets have been assigned an estimated finite useful life and are amortized on a straight-line basis over the number of years that approximate their expected period of benefit (ranging from one to 40 years).

Total amortization expense related to intangible assets during fiscal years 2015, 2014 and 2013 was approximately $1.7, $1.7 and $1.8 million, respectively. As of June 30, 2015, future estimated amortization expense related to intangible assets is estimated to be:

Fiscal Year	(Dollars in thousands)
2016	$ 1,558
2017	1,507
2018	1,495
2019	1,495
2020	1,495
Thereafter	9,519
Total	$ 17,069

The following provides supplemental disclosures of cash flow activity:

	Fiscal Years 2015	2014	2013
	(Dollars in thousands)		
Cash paid (received) for:			
Interest	$ 12,336	$ 21,173	$ 38,990 (1)
Income taxes, net	(1,371)	(16,266)	1,088

(1) Includes $10.6 million of cash paid for make-whole associated with prepayment of senior notes.

4. GOODWILL

The table below contains details related to the Company's recorded goodwill:

	June 30, 2015			June 30, 2014		
	Gross Carrying Value (3)	Accumulated Impairment (1)	Net	Gross Carrying Value (3)	Accumulated Impairment (1)	Net
	(Dollars in thousands)					
Goodwill	$ 672,614	$ (253,661)	$ 418,953	$ 678,925	$ (253,661)	$ 425,264

(1) The table below contains additional information regarding accumulated impairment losses:

Fiscal Year	Impairment Charge (Dollars in thousands)	Reporting Unit (2)
2009	$ (41,661)	International
2010	(35,277)	North American Premium
2011	(74,100)	North American Value
2012	(67,684)	North American Premium
2014	(34,939)	North American Premium
Total	$ (253,661)	

(2) See Notes 1 and 14 to the Consolidated Financial Statements.
(3) The change in the gross carrying value of goodwill relates to foreign currency.

The table below contains details related to the Company's recorded goodwill:

	North American Value	North American Premium	Consolidated
	(Dollars in thousands)		
Goodwill, net at June 30, 2013	$ 425,932	$ 34,953	$ 460,885
Goodwill impairment	—	(34,939)	(34,939)
Goodwill acquired	130	—	130
Translation rate adjustments	(798)	(14)	(812)
Goodwill, net at June 30, 2014	425,264	—	425,264
Translation rate adjustments	(6,311)	—	(6,311)
Goodwill, net at June 30, 2015	$ 418,953	$ —	$ 418,953

5. INVESTMENTS IN AFFILIATES

The table below presents summarized financial information of equity method investees based on audited results.

	Greater Than 50 Percent Owned (1)		
	2015	2014	2013
	(Dollars in thousands)		
Summarized Balance Sheet Information:			
Current assets	$ 46,438	$ 54,774	$ 35,900
Noncurrent assets	44,921	57,803	91,847
Current liabilities	18,782	24,797	25,317
Noncurrent liabilities	34,770	33,004	21,560
Summarized Statement of Operations Information:			
Gross revenue	$154,997	$166,540	$170,964
Gross profit	38,557	52,440	58,457
Operating (loss) income	(4,264)	(33,526)	4,981
Net (loss) income	(16,738)	(26,699)	2,359

(1) Represents the summarized financial information of EEG. As EEG is a significant subsidiary for the fiscal year 2015 financial statements, the separate financial statements of EEG are included subsequent to the Company's financial statements. Gross profit includes depreciation and amortization expense of $4.1, $5.8, and $7.4 million for fiscal years 2015, 2014 and 2013, respectively.

Investment in Empire Education Group, Inc.

As of June 30, 2015 and 2014, the Company's ownership interest in Empire Education Group, Inc. (EEG) was 54.6% and 54.5%, respectively, and the carrying amount of the investment in EEG as of June 30, 2015 was $14.8 million. EEG operates accredited cosmetology schools and is managed by the Empire Beauty School executive team. The Company accounts for EEG as an equity investment under the voting interest model.

During fiscal year 2015 the Company recorded its share of a non-cash deferred tax asset valuation allowance recorded by EEG of $6.9 million. During fiscal years 2014 and 2013 the Company recorded its share of pretax non-cash impairment charges recorded by EEG for goodwill and fixed and intangible asset impairments of $21.2 and $2.1 million, respectively. In addition, during fiscal years 2015 and 2013, the Company recorded other than temporary impairment charges of its investment in EEG of $4.7 and $17.9 million, respectively, to account for the negative business impacts resulting from regulatory changes including declines in enrollment, revenue and profitability in the for-profit secondary educational market. The Company did not receive a tax benefit on these impairment charges.

Due to economic, regulatory and other factors, including declines in enrollment, revenue and profitability in the for-profit secondary educational market, the Company may be required to record additional non-cash impairment charges related to its investment in EEG and such non-cash impairments could be material to the Company's consolidated balance sheet and results of operations. EEG does not have any goodwill recorded as of June 30, 2015. The exposure to loss related to the Company's involvement with EEG is the carrying value of the investment.

During fiscal years 2015, 2014 and 2013, the Company recorded $(2.0), $(14.5) and $1.3 million, respectively, of equity (loss) earnings related to its investment in EEG.

The Company previously provided EEG with a $15.0 million revolving credit facility and outstanding loan for which the Company received payments of $26.4 million during fiscal year 2013.

5. INVESTMENTS IN AFFILIATES (Continued)

Investment in Provalliance

On September 27, 2012, the Company sold its 46.7% equity interest in Provalliance for $103.4 million. The Company previously had a right (Provalliance Equity Put), which if exercised, would require the Company to purchase an additional ownership interest in Provalliance between specified dates in 2010 to 2018. The Provalliance Equity Put was classified as a Level 3 fair value measurement as the fair value was determined based on unobservable inputs that could not be corroborated by observable market data. During fiscal year 2013, the Company recorded a $0.6 million decrease in the fair value of the Provalliance Equity Put that automatically terminated upon the sale.

Due to the sale of the Company's investment in Provalliance, the Company liquidated its foreign entities with Euro denominated operations. Amounts previously classified within accumulated other comprehensive income that were recognized in earnings were foreign currency translation rate gain adjustments of $43.4 million, a cumulative tax-effected net loss of $7.9 million associated with a cross-currency swap that was settled in fiscal year 2007 that hedged the Company's European operations, and a $1.7 million net loss associated with cash repatriation, which netted to $33.8 million for fiscal year 2013, recorded within interest income and other, net on the Consolidated Statement of Operations.

Investment in MY Style

The Company accounts for its 27.1% ownership interest in MY Style as a cost method investment. The Company previously had an outstanding note with MY Style, which matured during fiscal year 2013. The Company recorded less than $0.1 million in interest income related to the note during fiscal year 2013.

During fiscal year 2014, MY Style's parent company, Yamano Holdings Corporation (Yamano), redeemed its Class A and Class B Preferred Stock for $3.1 million. The Company had previously estimated the fair values of the Yamano Class A and Class B Preferred Stock to be negligible and recorded an other than temporary non-cash impairment. The Company reported the gain associated with Yamano's redemption within equity in loss of affiliated companies on the Consolidated Statement of Operations.

6. FAIR VALUE MEASUREMENTS

Fair value measurements are categorized into one of three levels based on the lowest level of significant input used: Level 1 (unadjusted quoted prices in active markets); Level 2 (observable market inputs available at the measurement date, other than quoted prices included in Level 1); and Level 3 (unobservable inputs that cannot be corroborated by observable market data).

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company's financial instruments include cash, cash equivalents, receivables, accounts payable and debt. The fair values of cash and cash equivalents, receivables and accounts payable approximated the carrying values as of June 30, 2015. As of June 30, 2015 and 2014, the estimated fair value of the Company's debt was $119.7 and $292.5 million, respectively, and the carrying value was $120.0 and $293.5 million, respectively. The estimated fair value of the Company's debt is based on Level 2 inputs.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We measure certain assets, including the Company’s equity method investments, tangible fixed and other assets and goodwill, at fair value on a nonrecurring basis when they are deemed to be other than temporarily impaired. The fair values of the Company’s investments are determined based on valuation techniques using the best information available, and may include quoted market prices, market comparables, and discounted cash flow projections.

During fiscal years 2015, 2014 and 2013, the Company recorded $14.6, $18.3 and $8.2 million of long-lived asset impairment charges, respectively. See Note 1 to the Consolidated Financial Statements.

During fiscal year 2014, the Company recorded a non-cash impairment charge of $34.9 million to write down the remaining carrying value of its goodwill of the Regis salon concept reporting unit. See Notes 1 and 4 to the Consolidated Financial Statements.

During fiscal years 2015 and 2013, the Company's recorded a non-cash impairment charge on its investment in EEG of $4.7 and $17.9 million, respectively. See Note 5 to the Consolidated Financial Statements.

6. FAIR VALUE MEASUREMENTS (Continued)

These impairment charges are based on fair values using Level 3 inputs.

7. FINANCING ARRANGEMENTS

The Company's long-term debt consists of the following:

	Maturity Dates (fiscal year)	Interest rate % Fiscal Years 2015	Interest rate % Fiscal Years 2014	June 30, 2015 (Dollars in thousands)	June 30, 2014 (Dollars in thousands)
Convertible senior notes	2015	5.00%	5.00%	$ —	$ 172,246
Senior term notes	2018	5.75	5.75	120,000	120,000
Revolving credit facility	2018	—	—	—	—
Equipment and leasehold notes payable	2015 - 2016	4.90 - 8.75	4.90 - 8.75	2	1,257
				120,002	293,503
Less current portion				(2)	(173,501)
Long-term portion				$ 120,000	$ 120,002

The debt agreements contain covenants, including limitations on incurrence of debt, granting of liens, investments, merger or consolidation, certain restricted payments and transactions with affiliates. In addition, the Company must adhere to specified fixed charge coverage and leverage ratios. The Company was in compliance with all covenants and other requirements of our financing arrangements as of June 30, 2015.

Aggregate maturities of long-term debt at June 30, 2015 are as follows:

Fiscal year	(Dollars in thousands)
2016	$ 2
2017	—
2018	120,000
2019	—
2020	—
Thereafter	—
	$ 120,002

Convertible Senior Notes

In July 2009, the Company issued $172.5 million aggregate principal amount of 5.0% convertible senior notes which were settled in July 2014. The notes were unsecured, senior obligations of the Company and interest was payable semi-annually in arrears on January 15 and July 15 of each year.

At the time of issuance, the Company had the choice of net-cash settlement, settlement in its own shares or a combination thereof and concluded the conversion option was indexed to its own stock. As a result, the Company allocated $24.7 million of the $172.5 million principal amount of the convertible senior notes to equity, resulting in a debt discount. The debt discount was amortized as additional non-cash interest expense over the period the convertible senior notes were outstanding. At June 30, 2014, the remaining unamortized discount was $0.3 million. The combined debt discount amortization and the contractual interest coupon resulted in an effective interest rate on the convertible debt of 8.9%.

7. FINANCING ARRANGEMENTS (Continued)

The following table provides interest rate and interest expense amounts related to the convertible senior notes:

	Fiscal Years	
	2015	2014
	(Dollars in thousands)	
Interest cost related to contractual interest coupon—5.0%	$ 358	$ 8,625
Interest cost related to amortization of the discount	254	5,792
Total interest cost	$ 612	$ 14,417

Senior Term Notes

In November 2013, the Company issued $120.0 million aggregate principal amount of 5.75% senior unsecured notes due December 2017 (Senior Term Notes). Net proceeds from the issuance of the Senior Term Notes were $118.1 million. Interest on the Senior Term Notes is payable semi-annually in arrears on June 1 and December 1 of each year, beginning on June 1, 2014. The Senior Term Notes rank equally with the Company's existing senior unsecured debt. The Senior Term Notes are unsecured and not guaranteed by any of the Company's subsidiaries or any third party.

The Senior Term Notes contain maintenance covenants, including limitations on incurrence of debt, granting of liens, investments, merger or consolidation, certain restricted payments and transactions with affiliates, none of which are more restrictive than those under the Company’s revolving credit facility.

Revolving Credit Facility

The Company has a $400.0 million unsecured revolving credit facility that expires in June 2018. The revolving credit facility has rates tied to a LIBOR credit spread and a quarterly facility fee on the average daily amount of the facility (whether used or unused). Both the LIBOR credit spread and the facility fee are based on the Company's debt to EBITDA ratio at the end of each fiscal quarter. In addition, the Company may request an increase in revolving credit commitments under the facility of up to $200.0 million under certain circumstances. Events of default under the credit agreement include change of control of the Company and the Company's default with respect to other debt exceeding $10.0 million. As of June 30, 2015 and 2014, the Company had no outstanding borrowings under this revolving credit facility. Additionally, the Company had outstanding standby letters of credit under the revolving credit facility of $2.1 and $2.2 million at June 30, 2015 and 2014, respectively, primarily related to its self-insurance program. Unused available credit under the facility at June 30, 2015 and 2014 was $397.9 and $397.8 million, respectively.

Equipment and Leasehold Notes Payable

The equipment and leasehold notes payable are primarily comprised of capital lease obligations. As of June 30, 2015 and 2014, the capital lease balance was $0.0 and $1.3 million.

8. COMMITMENTS AND CONTINGENCIES

Operating Leases:

The Company leases most of its company-owned salons and some of its corporate facilities and distribution centers under operating leases. The original terms of the salon leases range from one to 20 years, with many leases renewable for additional five to ten year terms at the option of the Company. For most leases, the Company is required to pay real estate taxes and other occupancy expenses. Rent expense for the Company's international department store salons is based primarily on a percentage of sales.

The Company also leases the premises in which the majority of its franchisees operate and has entered into corresponding sublease arrangements with franchisees. These leases, generally with terms of approximately five years, are expected to be renewed on expiration. All additional lease costs are passed through to the franchisees.

Sublease income was $30.9, $29.5 and $29.1 million in fiscal years 2015, 2014 and 2013, respectively. Rent expense on premises subleased was $30.5, $29.1 and $28.7 million in fiscal years 2015, 2014 and 2013, respectively. Rent expense and related rental income on sublease arrangements with franchisees is netted within the rent expense line item on the Consolidated Statement of Operations. In most cases, the amount of rental income related to sublease arrangements with franchisees approximates the amount of rent expense from the primary lease, thereby having no net impact on rent expense or net (loss) income. However, in limited cases, the Company charges a 10.0% mark-up in its sublease arrangements. The net rental income

8. COMMITMENTS AND CONTINGENCIES (Continued)

resulting from such arrangements totaled $0.4 million for each fiscal year 2015, 2014 and 2013 and was classified in the royalties and fees caption of the Consolidated Statement of Operations.

The Company has a sublease arrangement for a leased building the Company previously occupied. The aggregate amount of lease payments to be made over the remaining lease term are approximately $7.1 million.

Total rent expense, excluding rent expense on premises subleased to franchisees, includes the following:

	Fiscal Years		
	2015	2014(1)	2013(1)
	(Dollars in thousands)		
Minimum rent	$ 236,137	$ 246,844	$ 247,258
Percentage rent based on sales	8,238	7,164	7,566
Real estate taxes and other expenses	64,750	68,254	70,363
	$ 309,125	$ 322,262	$ 325,187

(1) Fiscal years 2014 and 2013 have been revised. See Note 1 to the Consolidated Financial Statements.

As of June 30, 2015, future minimum lease payments (excluding percentage rents based on sales) due under existing noncancelable operating leases with remaining terms of greater than one year are as follows:

Fiscal Year	Corporate leases	Franchisee leases
	(Dollars in thousands)	
2016	$ 235,404	$ 58,789
2017	184,069	49,575
2018	131,968	39,132
2019	88,495	28,747
2020	50,403	16,132
Thereafter	39,159	15,065
Total minimum lease payments	$ 729,498	$ 207,440

The Company continues to negotiate and enter into leases and commitments for the acquisition of equipment and leasehold improvements related to future salon locations.

Contingencies:

The Company is self-insured for most workers' compensation, employment practice liability and general liability. Workers' compensation and general liability losses are subject to per occurrence and aggregate annual liability limitations. The Company is insured for losses in excess of these limitations. The Company is also self-insured for health care claims for eligible participating employees subject to certain deductibles and limitations. The Company determines its liability for claims incurred but not reported on an actuarial basis.

Litigation and Settlements:

The Company is a defendant in various lawsuits and claims arising out of the normal course of business. Like certain other large retail employers, the Company has been faced with allegations of purported class-wide consumer and wage and hour violations. Litigation is inherently unpredictable and the outcome of these matters cannot presently be determined. Although the actions are being vigorously defended, the Company could in the future incur judgments or enter into settlements of claims that could have a material adverse effect on its results of operations in any particular period.

In addition, the Company was a nominal defendant, and nine current and former directors and officers of the Company were named defendants, in a shareholder derivative action in Minnesota state court. The derivative shareholder action alleged that the individual defendants breached their fiduciary duties to the Company in connection with their approval of certain executive compensation arrangements and certain related party transactions. The Board of Directors appointed a Special

8. COMMITMENTS AND CONTINGENCIES (Continued)

Litigation Committee to investigate the claims and allegations made in the derivative action, and to decide on behalf of the Company whether the claims and allegations should be pursued. In April 2014, the Special Litigation Committee issued a report and concluded the claims and allegations should not be pursued, and in September 2014 the case was dismissed by court order. In a collateral proceeding, the plaintiff filed a motion for an award of fees in November 2014. The Company has opposed the motion and this collateral proceeding is pending. During fiscal years 2015, 2014 and 2013, the Company incurred $0.7, $3.3 and $1.2 million of expense in conjunction with the derivative shareholder action. During fiscal year 2015, the Company received insurance reimbursement of $1.0 million for legal fees previously paid in conjunction with the derivative shareholder action.

See Note 9 for discussion regarding certain issues that have resulted from the IRS' audit of fiscal year 2010 and 2011. In addition, the Company is currently under payroll tax examination by the IRS for calendar years 2012 and 2013. Final resolution of these issues is not expected to have a material impact on the Company’s financial position.

9. INCOME TAXES

The components of (loss) income before income taxes are as follows:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
(Loss) income before income taxes:			
U.S.	$ (6,630)	$ (52,815)	$ (23,526)
International	1,652	(2,481)	35,307
	$ (4,978)	$ (55,296)	$ 11,781

The provision (benefit) for income taxes consists of:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
Current:			
U.S.	$ 1,670	$ 1,430	$ (21,264)
International	1,781	890	710
Deferred:			
U.S.	9,439	69,854	10,996
International	1,715	781	(95)
	$ 14,605	$ 72,955	$ (9,653)

The provision for income taxes differs from the amount of income tax determined by applying the applicable U.S. statutory rate to earnings (loss) before income taxes, as a result of the following:

9. INCOME TAXES (Continued)

	Fiscal Years		
	2015	2014	2013
U.S. statutory rate (benefit)	(35.0)%	(35.0)%	35.0 %
State income taxes, net of federal income tax benefit	3.7	(0.3)	3.6
Valuation allowance (1)	362.8	161.9	—
Tax effect of goodwill impairment	—	11.3	—
Foreign income taxes at other than U.S. rates	5.3	1.4	3.5
Tax effect of foreign currency translation gain	—	—	(91.8)
Work Opportunity and Welfare-to-Work Tax Credits	(53.3)	(5.2)	(36.7)
Expiration of capital loss carryforward	9.5	—	—
Other, net	0.4	(2.2)	4.5
	293.4 %	131.9 %	(81.9)%

(1) See Note 1 to the Consolidated Financial Statements.

The 0.4% of Other, net in fiscal year 2015 includes the rate impact of meals and entertainment expense disallowance, officer's life insurance and miscellaneous items of 6.0%, (9.6)% and 4.0%, respectively.

The (2.2)% of Other, net in fiscal year 2014 does not include the rate impact of any items in excess of 5% of computed tax.

The 4.5% of Other, net in fiscal year 2013 includes the rate impact of meals and entertainment expense disallowance, donated inventory, unrecognized tax benefits and miscellaneous items of 4.2%, (2.9)%, 2.3% and 0.9%, respectively.

The components of the net deferred tax assets and liabilities are as follows:

	June 30,	
	2015	2014
	(Dollars in thousands)	
Deferred tax assets:		
Deferred rent	$ 14,561	$ 14,507
Payroll and payroll related costs	27,646	24,857
Net operating loss carryforwards	17,946	16,977
Tax credit carryforwards	25,296	20,134
Inventories	2,684	2,926
Accrued advertising	4,853	2,707
Insurance	6,779	6,801
Other	6,329	6,323
Subtotal	$ 106,094	$ 95,232
Valuation allowance	(103,240)	(86,119)
Total deferred tax assets	$ 2,854	$ 9,113
Deferred tax liabilities:		
Fixed assets	$ (2,372)	$ (8,086)
Goodwill and intangibles	(87,383)	(77,650)
Other	(6,309)	(5,690)
Total deferred tax liabilities	$ (96,064)	$ (91,426)
Net deferred tax liability	$ (93,210)	$ (82,313)

9. INCOME TAXES (Continued)

At June 30, 2015, the Company has tax effected federal, state, Canada and U.K. net operating loss carryforwards of approximately $12.4, $4.7, $0.5 and $0.3 million, respectively. The federal loss carryforward will expire from fiscal years 2034 to 2035. The state loss carryforwards will expire from fiscal years 2016 to 2035. The Canada loss carryforward will expire in fiscal year 2035. The U.K. loss carryforward has no expiration.

The Company's tax credit carryforward of $25.3 million consists of $23.3 million that will expire from fiscal years 2028 to 2035, $0.5 million that will expire from fiscal years 2020 to 2025 and $1.5 million of carryforward that has no expiration date.

As of June 30, 2015, undistributed earnings of international subsidiaries of approximately $21.8 million were considered to have been reinvested indefinitely and, accordingly, the Company has not provided for U.S. income taxes on such earnings. It is not practicable for the Company to determine the amount of unrecognized deferred tax liabilities on these indefinitely reinvested earnings.

The Company files tax returns and pays tax primarily in the U.S., Canada, the U.K. and Luxembourg as well as states, cities, and provinces within these jurisdictions. The Company's U.S. federal income tax returns for fiscal year 2010 through 2014 are currently under audit by the Internal Revenue Service (IRS). All earlier tax years are closed to examination. The Company has outstanding audit issues with the IRS for fiscal years 2010 and 2011 for which the IRS has proposed additional adjustments. The Company believes its income tax positions and deductions will be sustained and intends to vigorously defend its position on these issues and, accordingly, has appealed to the IRS Appeals Division. Final resolution of these issues is not expected to have a material impact on the Company's financial position. For state tax audits, the statute of limitations generally spans three to four years, resulting in a number of states remaining open for tax audits dating back to fiscal year 2011. The Company is currently under audit in a number of states in which the statute of limitations has been extended back for fiscal years 2007 and forward. Internationally, including Canada, the statute of limitations for tax audits varies by jurisdiction, but generally ranges from three to five years.

A rollforward of the unrecognized tax benefits is as follows:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
Balance at beginning of period	$ 1,468	$ 10,015	$ 4,381
(Reductions)/additions based on tax positions related to the current year	37	(2,114)	44
(Reductions)/additions based on tax positions of prior years	352	(505)	7,132
Reductions on tax positions related to the expiration of the statute of limitations	(361)	(994)	(1,403)
Settlements	—	(4,934)	(139)
Balance at end of period	$ 1,496	$ 1,468	$ 10,015

If the Company were to prevail on all unrecognized tax benefits recorded, a benefit of approximately $1.0 million would be recorded in the effective tax rate. Interest and penalties associated with unrecognized tax benefits are recorded within income tax expense. During the fiscal years 2015, 2014 and 2013, we recorded interest and penalties of approximately $0.1, $0.1 and $0.7 million, respectively, as additions to the accrual net of the respective reversal of previously accrued interest and penalties. As of June 30, 2015, the Company had accrued interest and penalties related to unrecognized tax benefits of $1.2 million. This amount is not included in the gross unrecognized tax benefits noted above.

It is reasonably possible that the amount of the unrecognized tax benefit with respect to certain of our unrecognized tax positions will increase or decrease during the next fiscal year. However, an estimate of the amount or range of the change cannot be made at this time.

10. BENEFIT PLANS

Regis Retirement Savings Plan:

The Company maintains a defined contribution 401(k) plan, the Regis Retirement Savings Plan (RRSP). The RRSP is a defined contribution profit sharing plan with a 401(k) feature that is intended to qualify under Section 401(a) of the Internal Revenue Code (Code) and is subject to the Employee Retirement Income Security Act of 1974 ("ERISA").

10. BENEFIT PLANS (Continued)

The 401(k) portion of the RRSP is cash or deferred arrangement intended to qualify under section 401(k) of the Code and under which eligible employees may elect to contribute a percentage of their eligible compensation. Employees who are 18 years of age or older and who were not highly compensated employees as defined by the Code during the preceding RRSP year are eligible to participate in the RRSP commencing with the first day of the month following their completion of one month of service.

The discretionary employer contribution profit sharing portion of the RRSP is a noncontributory defined contribution component covering full-time and part-time employees of the Company who have at least one year of eligible service, defined as 1,000 hours of service during the RRSP year, are employed by the Company on the last day of the RRSP year and are employed at Salon Support, distribution centers, as field leaders, artistic directors or consultants, and that are not highly compensated employees as defined by the Code. Participants' interest in the noncontributory defined contribution component become 20.0% vested after completing two years of service with vesting increasing 20.0% for each additional year of service, and with participants becoming fully vested after six full years of service.

Nonqualified Deferred Salary Plan:

The Company maintains a Nonqualified Deferred Salary Plan (Executive Plan), which covers Company officers and all other employees who are highly compensated as defined by the Code. The discretionary employer contribution portion of the Executive Plan is a profit sharing component in which a participants interest becomes 20.0% vested after completing two years of service with vesting increasing 20.0% for each additional year of service, and with participants becoming fully vested after six full years of service. Certain participants within the Executive Plan also receive a matching contribution from the Company.

Stock Purchase Plan:

The Company has an employee stock purchase plan (ESPP) available to qualifying employees. Under the terms of the ESPP, eligible employees may purchase the Company's common stock through payroll deductions. The Company contributes an amount equal to 15.0% of the purchase price of the stock to be purchased on the open market and pays all expenses of the ESPP and its administration, not to exceed an aggregate contribution of $11.8 million. As of June 30, 2015, the Company's cumulative contributions to the ESPP totaled $10.0 million.

Deferred Compensation Contracts:

The Company has unfunded deferred compensation contracts covering certain current and former key executives. Prior to June 30, 2012, deferred compensation benefits were based on the executive's years of service and compensation for the 60 months preceding the executive's termination date. Effective June 30, 2012, these contracts were amended and the benefits were frozen as of June 30, 2012.

Expense associated with the deferred compensation contracts included in general and administrative expenses on the Consolidated Statement of Operations totaled $0.4, $0.9 and $1.6 million for fiscal years 2015, 2014 and 2013, respectively.

The table below presents the projected benefit obligation of these deferred compensation contracts in the Consolidated Balance Sheet:

	June 30,	
	2015	2014
	(Dollars in thousands)	
Current portion (included in Accrued liabilities)	$ 2,845	$ 2,913
Long-term portion (included in Other noncurrent liabilities)	5,853	7,677
	$ 8,698	$ 10,590

The tax-affected accumulated other comprehensive income (loss) for the deferred compensation contracts, consisting of primarily unrecognized actuarial income, was $0.7 and $0.3 million at June 30, 2015 and 2014, respectively.

The Company had previously agreed to pay the former Vice Chairman an annual amount for the remainder of his life. Additionally, the Company has a survivor benefit plan for the former Vice Chairman's spouse. In October 2013, the former Vice Chairman passed away and the Company began paying survivor benefits to his spouse. At this time, the Company reduced the accrual for future obligations to account for the reduction in benefits to the survivor. In connection with the passing of the former Vice Chairman, the Company received $5.8 million in life insurance proceeds. The Company recorded a gain of $1.0 million recorded in general and administrative in the Consolidated Statement of Operations associated with the proceeds.

10. BENEFIT PLANS (Continued)

Estimated associated costs (benefits) included in general and administrative expenses on the Consolidated Statement of Operations totaled $0.8, $(2.1) and $0.7 million for fiscal years 2015, 2014 and 2013, respectively. Related obligations totaled $3.3 and $2.5 million at June 30, 2015 and 2014, respectively, with $0.5 million within accrued expenses at June 30, 2015 and 2014, respectively and the remainder included in other noncurrent liabilities in the Consolidated Balance Sheet.

In connection with the former Chief Executive Officer's deferred compensation contract, the Company paid the former Chief Executive Officer $15.1 million in fiscal year 2013.

Compensation expense included in (loss) income before income taxes and equity in loss of affiliated companies related to the aforementioned plans, excluding amounts paid for expenses and administration of the plans included the following:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
Executive Plan (including profit sharing)	$ 224	$ 203	$ 311
ESPP	325	347	441
Deferred compensation contracts	1,195	1,641	2,370

11. EARNINGS PER SHARE

Net (loss) income from continuing operations available to common shareholders and net (loss) income from continuing operations for the diluted earnings per share under the if-converted method was the same for all periods presented. Interest on the convertible debt was excluded from net (loss) income from continuing operations for diluted earnings per share as the convertible debt was not dilutive.

The following table sets forth a reconciliation of shares used in the computation of basic and diluted earnings per share:

	Fiscal Years		
	2015	2014	2013
	(Shares in thousands)		
Weighted average shares for basic earnings per share	54,992	56,482	56,704
Effect of dilutive securities:			
Dilutive effect of stock-based compensation(1)	—	—	142
Weighted average shares for diluted earnings per share	54,992	56,482	56,846

(1) For fiscal year 2015 and 2014, 251,763 and 119,750 common stock equivalents of potentially dilutive common stock were not included in the diluted earnings per share calculation due to the net loss from continuing operations.

The computation of weighted average shares outstanding, assuming dilution, excluded 1,948,507, 1,799,352 and 1,593,228 of equity-based compensation awards during the fiscal years 2015, 2014 and 2013, respectively. These amounts were excluded because they were not dilutive under the treasury stock method. The computation of weighted average shares outstanding, assuming dilution also excluded 465,055, 11,307,605 and 11,260,261 of shares from convertible debt for fiscal years 2015, 2014 and 2013, respectively. These amounts were excluded as they were not dilutive.

12. STOCK-BASED COMPENSATION

The Company grants long-term equity-based awards under the Amended and Restated 2004 Long Term Incentive Plan (the "2004 Plan"). The 2004 Plan provides for the granting of nonqualified stock options, equity-based stock appreciation rights (SARs), restricted stock awards (RSAs), restricted stock units (RSUs) and stock-settled performance share units (PSUs), as well as cash-based performance grants, to employees and non-employee directors of the Company. Under the 2004 Plan, a maximum of 6,750,000 shares were approved for issuance. In October 2013, the 2004 Plan was amended to limit the aggregate RSAs, RSUs and PSUs that are available for grant to 3,465,701. As of June 30, 2015, a maximum of 2,465,276 shares of RSAs, RSUs and PSUs were available for grant under the 2004 Plan. All unvested awards are subject to forfeiture in the event of

12. STOCK-BASED COMPENSATION (Continued)

termination of employment, unless accelerated. SAR and RSU awards granted subsequent to July 1, 2012 generally include various acceleration terms for participants aged sixty-two years or older or who are aged fifty-five or older and have fifteen years of continuous service.

The Company also has outstanding stock options under the 2000 Stock Option Plan (the "2000 Plan"), although the plan terminated in 2010 and no additional awards have since been or will be made under the 2000 Plan. The 2000 Plan allowed the Company to grant both incentive and nonqualified stock options and replaced the Company's 1991 Stock Option Plan.

Under the 2004 Plan and the 2000 Plan, stock-based awards are granted at an exercise price or initial value equal to the fair market value on the date of grant.

Using the fair value of each grant on the date of grant, the weighted average fair values per stock-based compensation award granted during fiscal years 2015, 2014 and 2013 were as follows:

	2015	2014	2013
Stock options & SARs	$ 6.16	$ 6.00	$ 6.63
RSAs & RSUs	15.95	15.50	17.40
PSUs	15.15	15.73	18.33

The fair value of stock options and SARs granted prior to June 30, 2013 was estimated on the date of grant using a lattice option valuation model. Effective July 1, 2013, the Company changed from the lattice option valuation model to the Black-Scholes-Merton (BSM) option valuation model for valuing SARs. The Company elected to make the change in valuation methodology because the Company's historical grants of SARs lacked complex vesting conditions or maximum payout limitations on the value of the awards. The Company does not expect a material difference in future valuations as a result of the change in models. The fair value of market-based RSUs granted during fiscal year 2013 was estimated on the date of grant using a Monte Carlo simulation model. The significant assumptions used in determining the estimated fair value of stock options, SARs and market-based RSUs granted during fiscal years 2015, 2014 and 2013 were as follows:

	2015	2014	2013
Risk-free interest rate	1.53 - 1.84%	1.67 - 1.96%	0.66 - 0.87%
Expected term (in years)	6.00	6.00	6.00
Expected volatility	38.00 - 44.00%	44.00%	44.00 - 47.00%
Expected dividend yield	0%	1.52 - 1.61%	1.33 - 1.46%

The risk free rate of return is determined based on the U.S. Treasury rates approximating the expected life of the stock options and SARs granted. Expected volatility is established based on historical volatility of the Company's stock price. Estimated expected life was based on an analysis of historical stock options granted data which included analyzing grant activity including grants exercised, expired and canceled. The expected dividend yield is determined based on the Company's annual dividend amount as a percentage of the strike price at the time of the grant. The Company uses historical data to estimate pre-vesting forfeiture rates.

Stock-based compensation expense was as follows:

	2015	2014	2013
SARs & stock options	$ 2,652	$ 2,145	$ 1,986
RSAs, RSUs, & PSUs	5,995	4,255	3,895
Total stock-based compensation expense within General and Administrative expense	8,647	6,400	5,881
Less: Income tax benefit(1)	—	—	(2,235)
Total stock-based compensation expense, net of tax	$ 8,647	$ 6,400	$ 3,646

(1) During fiscal year 2014, the Company recorded a valuation allowance against the majority of its deferred tax assets. Any subsequent stock-based compensation expense was not tax effected.

12. STOCK-BASED COMPENSATION (Continued)

Stock Appreciation Rights & Stock Options:

SARs and stock options granted under the 2004 Plan and 2000 Plan generally vest ratably over a three to five years period on each of the annual grant date anniversaries and expire ten years from the grant date. SARs granted subsequent to fiscal year 2012 vest ratably over a three year period with the exception of the January 2015 grant which vests entirely after five years and expires seven years from the grant date.

Activity for all of our outstanding SARs and stock options is as follows:

	Shares (in thousands)				
	SARs	Stock Options	Weighted Average Exercise Price	Weighted-Average Remaining Contractual Life	Aggregate Intrinsic Value (in thousands)
Outstanding balance at June 30, 2014	1,140	252	$ 20.80		
Granted	814	—	15.99		
Forfeited/Expired	(189)	(73)	24.26		
Exercised	(10)	—	15.66		
Outstanding balance at June 30, 2015	1,755	179	$ 19.16	6.9	287
Exercisable at June 30, 2015	609	179	$ 21.62	5.5	19
Unvested awards, net of estimated forfeitures	1,069	—	$ 17.59	7.9	245

The total cash proceeds and income tax benefit associated with the exercise of SARs and stock options during fiscal years 2015, 2014 and 2013 were immaterial. As of June 30, 2015, there was $4.2 million of unrecognized expense related to SARs and stock options that is to be recognized over a weighted-average period of 2.9 years.

Restricted Stock Awards & Restricted Stock Units:

RSAs and RSUs granted to employees under the 2004 Plan generally vest ratably over a three to five year period on each of the annual grant date anniversaries or vest entirely after a three or five year period. In addition, the Company has an outstanding RSU August 2012 grant to its Chief Executive Officer that vests upon the achievement of a specified value for the Company's stock over a specified period of time. The January 2015 grant to the Chief Executive Officer vests entirely after five years. RSUs granted to non-employee directors under the 2004 Plan generally vest in equal monthly amounts over a one year period from the Company's previous annual shareholder meeting date. Distributions on vested RSUs granted to non-employee directors are deferred until the director's board service ends.

Activity for all of our RSAs and RSUs is as follows:

	Shares/Units (in thousands)			
	RSAs	RSUs	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands)
Outstanding balance at June 30, 2014	186	512	$ 16.34	
Granted	—	478	15.95	
Forfeited	(19)	(72)	15.42	
Vested	(34)	(109)	16.32	
Outstanding balance at June 30, 2015	133	809	$ 15.86	$ 14,830
Vested at June 30, 2015	—	129	$ 16.10	$ 2,029
Unvested awards, net of estimated forfeitures	132	639	$ 16.31	$ 12,149

As of June 30, 2015, there was $7.8 million of unrecognized expense related to RSAs and RSUs that is expected to be recognized over a weighted-average period of 2.8 years.

12. STOCK-BASED COMPENSATION (Continued)

Performance Share Units:

PSUs represent shares potentially issuable in the future. Issuance is based upon the relative achievement of the Company's performance goals related to the Company achieving specified levels of same-store sales and earnings before interest, taxes, depreciation and amortization, adjusted ("adjusted EBITDA"). The fiscal year 2015 PSUs vest after three years from the grant date upon achievement of the performance criteria.

Activity for all of our PSUs is as follows:

	Shares/Units (in thousands)	Weighted Average Grant Date Fair Value	Aggregate Intrinsic Value (in thousands) (1)
	PSUs		
Outstanding balance at June 30, 2014	307	$ 15.73	
Granted	199	15.15	
Forfeited	(207)	14.09	
Vested	—	—	
Outstanding balance at June 30, 2015	299	$ 15.28	$ 5,020
Vested at June 30, 2015	—	$ —	$ —
Unvested awards, net of estimated forfeitures	179	$ 15.15	$ 4,656

(1) Includes actual or expected payout rates as set forth in the performance criteria.

During fiscal year 2015, the Company granted PSUs which were earned over the fiscal year 2015 performance period. As of June 30, 2015, there was $2.5 million of unrecognized expense related to the fiscal year 2015 PSU shares granted that is expected to be recognized over a weighted-average period of 2.2 years.

During fiscal year 2014, the Company granted certain PSUs which were not earned during the one year performance period. Other PSUs granted during fiscal year 2014 had a performance period of three years. As of June 30, 2015, the Company did not expect the three year performance period PSUs to be earned. Future compensation expense for these unvested awards could reach a maximum of $1.7 million to be recognized over 1.2 years, if the target performance metrics are earned.

13. SHAREHOLDERS' EQUITY

Authorized Shares and Designation of Preferred Class:

The Company has 100 million shares of capital stock authorized, par value $0.05, of which all outstanding shares, and shares available under the Stock Option Plans, have been designated as common.

In addition, 250,000 shares of authorized capital stock have been designated as Series A Junior Participating Preferred Stock ("Preferred Stock"). None of the Preferred Stock has been issued.

Shareholders' Rights Plan:

The Company has a shareholders' rights plan pursuant to which one preferred share purchase right is held by shareholders for each outstanding share of common stock. The rights become exercisable only following the acquisition by a person or group, without the prior consent of the Board of Directors, of 20.0% or more of the Company's voting stock, or following the announcement of a tender offer or exchange offer to acquire an interest of 20.0% or more. If the rights become exercisable, they entitle all holders, except the takeover bidder, to purchase one one-thousandth of a share of Preferred Stock at an exercise price of $140, subject to adjustment, or in lieu of purchasing the Preferred Stock, to purchase for the same exercise price common stock of the Company (or in certain cases common stock of an acquiring company) having a market value of twice the exercise price of a right.

Share Repurchase Program:

In May 2000, the Company's Board of Directors (Board) approved a stock repurchase program. Originally, the program authorized up to $50.0 million to be expended for the repurchase of the Company's stock. The Board elected to increase this maximum to $100.0 million in August 2003, to $200.0 million on May 3, 2005, to $300.0 million on April 26, 2007 and to

13. SHAREHOLDERS' EQUITY (Continued)

$350.0 million on April 21, 2015. The timing and amounts of any repurchases will depend on many factors, including the market price of the common stock and overall market conditions. Historically, the repurchases to date have been made primarily to eliminate the dilutive effect of shares issued in conjunction with acquisitions, restricted stock grants and stock option exercises. In fiscal year 2015, repurchases were made in accordance with the Company's capital allocation policy issued in 2013. All repurchased shares become authorized but unissued shares of the Company. This repurchase program has no stated expiration date. As of June 30, 2015, a total accumulated 10.7 million shares have been repurchased for $289.1 million. As of June 30, 2015, $60.9 million remained outstanding under the approved stock repurchase program.

Accumulated Other Comprehensive Income:

The components of accumulated other comprehensive income are as follows:

	June 30,		
	2015	2014	2013
	(Dollars in thousands)		
Foreign currency translation	$ 8,849	$ 22,364	20,434
Unrealized gain on deferred compensation contracts	657	287	122
Accumulated other comprehensive income	$ 9,506	$ 22,651	20,556

14. SEGMENT INFORMATION

Segment information is prepared on the same basis the chief operating decision maker reviews financial information for operational decision-making purposes. During the second quarter of fiscal year 2014, the Company redefined its operating segments to reflect how the chief operating decision maker evaluates the business as a result of the restructuring of the Company's North American field organization. The field reorganization, which impacted all North American salons except for salons in the mass premium category, was announced in the fourth quarter of fiscal year 2013 and completed in the second quarter of fiscal year 2014. The Company now reports its operations in three operating segments: North American Value, North American Premium and International. The Company's operating segments are its reportable operating segments. Prior to this change in organizational structure, the Company had two reportable operating segments: North American salons and International salons. The Company did not completely operate under the realigned operating segments structure prior to the second quarter of fiscal year 2014.

The North American Value reportable operating segment is comprised of 8,247 company-owned and franchised salons located mainly in strip center locations and Walmart Supercenters. North American Value salons offer high quality, convenient and value priced hair care and beauty services and retail products. SmartStyle, Supercuts, MasterCuts, Cost Cutters and other regional trade names operating in the United States, Canada and Puerto Rico are generally within the North American Value segment.

The North American Premium reportable operating segment is comprised of 746 company-owned salons primarily in mall-based locations. North American Premium salons offer upscale hair care and beauty services and retail products at reasonable prices. This segment operates in the United States, Canada and Puerto Rico and primarily includes the Regis salons concept, among other trade names.

The International reportable operating segment is comprised of 356 company-owned salons located in malls, department stores and high-traffic locations. International salons offer a full range of custom hair care and beauty services and retail products. This segment operates in the United Kingdom primarily under the Supercuts, Regis and Sassoon concepts.

14. SEGMENT INFORMATION (Continued)

Financial information concerning the Company's reportable operating segments is shown in the following table:

	Fiscal Years		
	2015	2014	2013
	(Dollars in thousands)		
Revenues(1):			
North American Value salons	$ 1,403,419	$ 1,430,083	$ 1,515,581
North American Premium salons	309,600	333,858	373,820
International salons	124,268	128,496	129,312
	$ 1,837,287	$ 1,892,437	$ 2,018,713
Depreciation and amortization expense(1):			
North American Value salons	$ 56,832	$ 66,038	$ 56,364
North American Premium salons	13,094	15,859	15,893
International salons	3,148	5,227	5,222
Total segment depreciation and amortization expense	73,074	87,124	77,479
Unallocated Corporate	9,789	12,609	14,276
	$ 82,863	$ 99,733	$ 91,755
Operating income (loss)(1)(2):			
North American Value salons	$ 122,597	$ 117,832	$ 142,260
North American Premium salons(3)	(14,238)	(46,419)	(13,694)
International salons	313	(3,076)	(1,660)
Total segment operating income	108,672	68,337	126,906
Unallocated Corporate(2)	(105,141)	(103,295)	(113,547)
Operating income (loss)(1)(2)	$ 3,531	$ (34,958)	$ 13,359
Interest expense	(10,206)	(22,290)	(36,944)
Interest income and other, net	1,697	1,952	35,366
Loss from continuing operations before income taxes and equity in loss of affiliated companies(2)	$ (4,978)	$ (55,296)	$ 11,781

(1) See Note 2 to the Consolidated Financial Statements for discussion of the classification of the results of operations of Hair Club as discontinued operations.

(2) Amounts for fiscal years 2014 and 2013 have been revised. See Note 1 to the Consolidated Financial Statements.

(3) Included in the North American Premium salons segment's operating loss for fiscal year 2014 is a goodwill impairment charge of 34.9 million.

The Company's chief operating decision maker does not evaluate reportable segments using assets and capital expenditure information.

Total revenues and property and equipment, net associated with business operations in the U.S. and all other countries in aggregate were as follows:

14. SEGMENT INFORMATION (Continued)

	June 30, 2015 Total Revenues	June 30, 2015 Property and Equipment, Net	June 30, 2014 Total Revenues	June 30, 2014 Property and Equipment, Net	June 30, 2013 Total Revenues	June 30, 2013 Property and Equipment, Net
	(Dollars in thousands)					
U.S.	$ 1,585,672	$ 198,471	$ 1,626,794	$ 240,460	$ 1,737,517	$ 285,111
Other countries	251,615	19,686	265,643	26,078	281,196	28,349
Total	$ 1,837,287	$ 218,157	$ 1,892,437	$ 266,538	$ 2,018,713	$ 313,460

15. QUARTERLY FINANCIAL DATA (UNAUDITED)

Refer to Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7 in this Form 10-K for explanations of items, which impacted fiscal years 2015 and 2014 revenues, operating and net (loss) income.

Summarized quarterly data for fiscal years 2015 and 2014 follows:

	Quarter Ended September 30(a)	Quarter Ended December 31(a)	Quarter Ended March 31(a)	Quarter Ended June 30	Year Ended(a)
	(Dollars in thousands, except per share amounts)				
2015					
Revenues	$ 464,551	$ 455,887	$ 453,960	$ 462,889	$ 1,837,287
Cost of service and product revenues, excluding depreciation and amortization	268,664	268,049	261,947	264,615	1,063,275
Operating (loss) income	(754)	(671)	5,402	(446)	3,531
Loss from continuing operations(c)	(9,843)	(16,663)	(4,763)	(1,943)	(33,212)
Loss from discontinued operations(d)	—	—	—	(630)	(630)
Net loss(c)(d)	(9,843)	(16,663)	(4,763)	(2,573)	(33,842)
Loss from continuing operations per share, basic and diluted(e)	(0.18)	(0.30)	(0.09)	(0.04)	(0.60)
Loss from discontinued operations per share, basic and diluted	—	—	—	(0.01)	(0.01)
Net loss per basic and diluted share(e)	(0.18)	(0.30)	(0.09)	(0.05)	(0.62)

15. QUARTERLY FINANCIAL DATA (UNAUDITED) (Continued)

	Quarter Ended				
	September 30(a)	December 31(a)	March 31(a)	June 30(a)	Year Ended(a)
	(Dollars in thousands, except per share amounts)				
2014					
Revenues	$ 468,583	$ 468,367	$ 471,561	$ 483,926	$ 1,892,437
Cost of service and product revenues, excluding depreciation and amortization	268,759	273,874	272,490	279,095	1,094,218
Operating income (loss)(b)	35	(34,233)	(3,218)	2,458	(34,958)
Loss from continuing operations(b)(c)	(1,153)	(110,889)	(10,090)	(17,742)	(139,874)
Income from discontinued operations(d)	—	—	609	744	1,353
Net loss(b)(c)(d)	(1,153)	(110,889)	(9,481)	(16,998)	(138,521)
Loss from continuing operations per share, basic and diluted(e)	(0.02)	(1.96)	(0.18)	(0.31)	(2.48)
Income from discontinued operations per share, basic and diluted	—	—	0.01	0.01	0.02
Net loss per basic and diluted share(e)	(0.02)	(1.96)	(0.17)	(0.30)	(2.45)
Dividends declared per share	0.06	0.06	—	—	0.12

(a) Amounts for fiscal years 2015 and 2014 have been revised from what was previously filed. As a result of this revision, net loss as previously presented for the three months ended September 30, 2014, December 31, 2014 and March 31, 2015 increased (decreased) by $0.8, $(2.4) and $1.1 million, respectively. Net loss as previously presented for the three months ended September 30, 2013, December 31, 2013, March 31, 2014 and June 30, 2014 increased by $1.0, $1.8, $0 and $0 million, respectively. The Company plans to reflect the revised amounts in its quarterly Condensed Consolidated Financial Statements for fiscal 2015 in future filings containing such information. See Note 1 to the Consolidated Financial Statements.

(b) During the second quarter of fiscal year 2014, the Company recorded a goodwill impairment charge of $34.9 million and a $4.7 million non-cash salon asset impairment charge. During the third quarter of fiscal 2014, the Company recorded non-cash salon impairment of $8.9 million.

(c) During the second quarter of fiscal year 2015, the Company recorded a $4.7 million other than temporary impairment charge and $6.9 million of its share of the of a deferred tax valuation allowance on its investment in EEG. During the fourth quarter of fiscal year 2014, the Company recorded a $12.6 million charge representing its share of goodwill impairment charges recorded by EEG. During the second quarter of fiscal year 2014, the Company recorded an $86.6 million non-cash charge to establish a valuation allowance against the Company's U.S. and U.K. deferred tax assets.

(d) During the fourth quarter of fiscal year 2015, the Company recorded expenses of $0.6 million in discontinued operations related to legal fees related to Trade Secret. During fiscal year 2014, the Company recorded tax benefits of $1.4 million in discontinued operations related to the release of tax reserves associated with the disposition of Trade Secret.

(e) Total is an annual recalculation; line items calculated quarterly may not sum to total.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), as appropriate, to allow timely decisions regarding required disclosure.

Management, with the participation of the CEO and CFO, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-5(e) and 15d-15(e) promulgated under the Exchange Act), at the period ended June 30, 2015. Based on their evaluation, our CEO and CFO, concluded that our disclosure controls and procedures were not effective as of June 30, 2015 because of the material weakness in our internal control over financial reporting described below.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including the CEO and the CFO, we carried out an evaluation of the effectiveness of our internal control over financial reporting as of June 30, 2015 using the criteria established in "Internal Control-Integrated Framework " (2013), issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

The Company did not design and maintain effective controls over the accounting for leases. Specifically, controls were not designed at a level of precision or rigor sufficient to identify potential errors resulting from misinterpretation of key lease terms and dates, rent holidays and rent escalation clauses, and related accounting rules. As more fully disclosed in Note 1 to the Consolidated Financial Statements, the errors resulted in a $5.3 million understatement of the Company's deferred rent account, $4.3 million of which related to fiscal year 2010 and prior. These errors were corrected in the revision of the Company's Consolidated Financial Statements for all periods presented in the Company's Form 10-K for the fiscal year ended June 30, 2015. Because this could have resulted in a material misstatement to our accounts and disclosures and not have been prevented or detected, this constitutes a material weakness. Until the material weakness is fully remediated, the Company could have material misstatements to the non-cash deferred rent account, and related accounts and disclosures which would not be prevented or detected.

The effectiveness of the Company's internal control over financial reporting as of June 30, 2015 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears in Item 8.

Changes in Internal Controls

There were no changes in our internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's Plan for Remediation

The Company is evaluating the material weakness and developing a plan of remediation to strengthen our overall internal control over accounting for leases. The remediation plan will include the following actions:

- Enhance rigor around identification and review of key lease terms and dates,
- Implement additional monitoring controls to ensure compliance with accounting guidance,
- Evaluate accounting software to enhance the use of systematic processes, including current software in use by the Company and other lease accounting software alternatives, and
- Review and enhance, as appropriate, organizational structure including training and supervision of individuals responsible for lease accounting.

The Company is committed to maintaining a strong internal control environment and believes these remediation efforts will represent significant improvements in our controls over the accounting for leases. Some of these steps will take time to be fully implemented and confirmed to be effective and sustainable. Additional controls may also be required over time. Until the remediation steps set forth above are fully implemented and tested, the material weakness described above will continue to exist and the Company could record material misstatements to the non-cash deferred rent account, related accounts and disclosures.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information regarding the Directors of the Company and Exchange Act Section 16(a) filings will be set forth in the sections titled "Item 1—Election of Directors", "Corporate Governance" and "Section 16(a) Beneficial Ownership Reporting Compliance" of the Company's 2015 Proxy, and is incorporated herein by reference. The information required by Item 401 of Regulation S-K regarding the Company's executive officers is included under "Executive Officers" in Item 1 of this Annual Report on Form 10-K. Additionally, information regarding the Company's audit committee and audit committee financial expert, as well nominating committee functions, will be set forth in the section titled "Committees of the Board" and shareholder communications with directors will be set forth in the section titled "Communications with the Board" of the Company's 2015 Proxy Statement, and is incorporated herein by reference.

The Company has adopted a code of ethics, known as the Code of Business Conduct & Ethics that applies to all employees, including the Company's chief executive officer, chief financial officer, directors and executive officers. The Code of Business Conduct & Ethics is available on the Company's website at *www.regiscorp.com*, under the heading "Corporate Governance - Guidelines" (within the "Investor Information" section). The Company intends to disclose any substantive amendments to, or waivers from, its Code of Business Conduct & Ethics on its website or in a report on Form 8-K. In addition, the charters of the Company's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee and the Company's Corporate Governance Guidelines may be found on the Company's website. Copies of any of these documents are available upon request to any shareholder of the Company by writing to the Company's Secretary at Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

Item 11. Executive Compensation

Information about executive and director compensation will be set forth in the section titled "Executive Compensation" of the Company's 2015 Proxy Statement, and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information regarding the Company's equity compensation plans will be set forth in the section titled "Equity Compensation Plan Information" and information regarding the beneficial ownership of the Company will be set forth in the section titled "Security Ownership of Certain Beneficial Holders and Management" of the Company's 2015 Proxy Statement, and are incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information regarding certain relationships and related transactions will be set forth in the section titled "Certain Relationships and Related Transactions" of the Company's 2015 Proxy Statement, and is incorporated herein by reference. Information regarding director independence will be set forth in the section titled "Corporate Governance—Director Independence" of the Company's 2015 Proxy Statement, and is incorporated herein by reference.

Item 14. Principal Accounting Fees and Services

A description of the fees paid to the independent registered public accounting firm will be set forth in the section titled "Item 2—Ratification of Appointment of Independent Registered Public Accounting Firm" of the Company's 2015 Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(b) *(1). All financial statements:*

Consolidated Financial Statements filed as part of this report are listed under Part II, Item 8 of this Form 10-K.

(c) Exhibits:

The exhibits listed in the accompanying index are filed as part of this report. Except where otherwise indicated below, the SEC file number for each report and registration statement from which the exhibits are incorporated by reference is 1-12725. There are no financial statement schedules included with this filing for the reason they are not applicable, not required or the information is included in the financial statements or notes thereto.

Exhibit Number/Description

3(a)	Election of the Company to become governed by Minnesota Statutes Chapter 302A and Restated Articles of Incorporation of the Company, dated March 11, 1983; Articles of Amendment to Restated Articles of Incorporation, dated October 29, 1984; Articles of Amendment to Restated Articles of Incorporation, dated August 14, 1987; Articles of Amendment to Restated Articles of Incorporation, dated October 21, 1987; Articles of Amendment to Restated Articles of Incorporation, dated November 20, 1996; Articles of Amendment to Restated Articles of Incorporation, dated July 25, 2000; Articles of Amendment to Restated Articles of Incorporation, dated October 22, 2013. (Incorporated by reference to Exhibit 3(a) of the Company's Report on 10-K/A filed on September 26, 2014.)
3(b)	By-Laws of the Company. (Incorporated by reference to Exhibit 3.1 of the Company's Report on Form 8-K filed on October 31, 2006.)
3(c)	Certificate of the Voting Powers, Designations, Preferences and Relative Participating, Optional and Other Special Rights and Qualifications, Limitations or Restrictions of Series A Junior Participating Preferred Stock of the Company. (Attached as Exhibit A to the Rights Agreement dated December 26, 2006, and incorporated by reference to Exhibit 2 of the Company's Registration Statement on Form 8-A12B filed on December 26, 2006.)
4(a)	Shareholder Rights Agreement, dated December 23, 1996, between the Company and Norwest Bank Minnesota, N.A. as Rights Agent. (Incorporated by reference to Exhibit 4 of the Company's Report on Form 8-A12G filed on February 4, 1997.)
4(b)	Rights Agreement, dated December 26, 2006, between the Company and Wells Fargo Bank, N.A., as Rights Agent, and Form of Right Certificate attached as Exhibit B to the Rights Agreement. (Incorporated by reference to Exhibits 1 and 3 of the Company's Registration Statement on Form 8-A12B, filed on December 26, 2006.)
4(c)	Amendment No. 1, dated as of October 29, 2008, to Rights Agreement, dated December 26, 2006, between Regis Corporation and Wells Fargo Bank, N.A. (Incorporated by reference to Exhibit 4 to the Company's Form 8-A12B/A filed on October 29, 2008.)
4(d)	Amendment No. 2, dated as of June 13, 2013, to Rights Agreement, dated December 26, 2006, between Regis Corporation and Wells Fargo Bank, N.A. (Incorporated by reference to Exhibit 4 to the Company's Registration Statement on Form 8-A12B/A filed on June 19, 2013.)
4(e)	Form of Stock Certificate. (Incorporated by reference to Exhibit 4.1 of the Company's Registration Statement on Form S-1 (Reg. No. 40142).)
4(f)	Indenture dated November 27, 2013 by and between the Company and Wells Fargo Bank, N.A, as Trustee. (Incorporated by reference to Exhibit 10.4 of the Company's Report on Form 8-K filed December 4, 2013.)
10(a)*	Short Term Incentive Compensation Plan, effective August 19, 2014. (Incorporated by reference to Appendix A of the Company's Proxy Statement on Definitive Form 14A filed on September 10, 2014, for the year ended June 30, 2014.)
10(b)*	Regis Corporation Executive Retirement Savings Plan Adoption Agreement and Trust Agreement, dated November 15, 2008 between the Company and Fidelity Management Trust Company (The CORPORATE Plan for Retirement EXECUTIVE PLAN basic plan document is incorporated by reference to Exhibit 10(c) to the Company's Report on Form 10-K filed on August 29, 2007, for the year ended June 30, 2007). (Incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q filed February 9, 2009.)

10(c)*	Employment Agreement, dated August 31, 2012, between the Company and Daniel J. Hanrahan. (Incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q filed November 9, 2012.)
10(d)*	Amendment to Employment Agreement, dated January 13, 2015, between the Company and Daniel J. Hanrahan. (Incorporated by reference to Exhibit 10(b) of the Company's Report on Form 10-Q filed January 29, 2015.)
10(e)*	Employment Agreement, dated November 28, 2012, between the Company and Steven M. Spiegel. (Incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q filed February 4, 2013.)
10(f)*	Form of Amended and Restated Senior Officer Employment and Deferred Compensation Agreement, dated August 31, 2012, between the Company and certain senior executive officers. (Incorporated by reference to Exhibit 10(b) of the Company's Report on Form 10-Q filed November 9, 2012.)
10(g)*	Employment Agreement, dated November 11, 2013, between the Company and Jim B. Lain. (Incorporated by reference to Exhibit 10(c) of the Company's Report on Form 10-Q filed February 3, 2014.)
10(h)*	Employment Agreement, dated October 21, 2013, between the Company and Carmen Thiede. (Incorporated by reference to Exhibit 10(b) of the Company's Report on Form 10-Q filed February 3, 2014.)
10(i)*	Employment Agreement, dated December 15, 2014, between the Company and Annette Miller. (Incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q filed January 29, 2015.)
10(j)*	Amended and Restated Employment Agreement, effective February 1, 2015, between the Company and Ken Warfield. (Incorporated by reference to Exhibit 10(a) of the Company's Report on Form 10-Q filed April 30, 2015.)
10(k)*	Amended and Restated Employment Agreement, dated May 1, 2015, between the Company and Andrew Dulka.
10(l)*	Amended and Restated 2004 Long Term Incentive Plan, as amended and restated effective October 22, 2013. (Incorporated by reference to Exhibit 10.1 of the Company's Report on Form 8-K filed on October 11, 2013.)
10(m)*	Amendment to the Amended and Restated 2004 Long Term Incentive Plan, effective August 29, 2014. (Incorporated by reference to Exhibit 10(b) of the Company's Report on Form 10-Q filed November 4, 2014.)
10(n)	Sixth Amended and Restated Credit Agreement, dated June 11, 2013, among the Company, and various financial institutions party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, Swing Line Lender, and Issuer, Bank of America, as Syndication Agent, and The Bank of Tokyo-Mitsubishi UFJ, Ltd., U.S. Bank National Association, and Wells Fargo Bank, N.A., as Documentation Agents. (Incorporated by reference to Exhibit 10.1 of the Company's Report on Form 8-K filed June 14, 2013.)
10(o)	Purchase Agreement dated November 27, 2013 by and between the Company and an Initial Purchaser. (Incorporated by reference to Exhibit 10.1 of the Company's Report on Form 8-K filed December 4, 2013.)
10(p)	Purchase Agreement dated November 27, 2013 by and between the Company and an Initial Purchaser. (Incorporated by reference to Exhibit 10.2 of the Company's Report on Form 8-K filed December 4, 2013.)
10(q)	Purchase Agreement dated November 27, 2013 by and between the Company and an Initial Purchaser. (Incorporated by reference to Exhibit 10.3 of the Company's Report on Form 8-K filed December 4, 2013.)
21	List of Subsidiaries of Regis Corporation
23.1	Consent of PricewaterhouseCoopers LLP
23.2	Consent of Baker Tilly Virchow Krause, LLP
31.1	Chief Executive Officer of the Company: Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Executive Vice President and Chief Financial Officer of the Company: Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32	Chief Executive Officer and Chief Financial Officer of the Company: Certification pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase

101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase

(*) Management contract, compensatory plan or arrangement required to be filed as an exhibit to the Company's Report on Form 10-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REGIS CORPORATION

By /s/ DANIEL J. HANRAHAN

Daniel J. Hanrahan,
President and Chief Executive Officer
(Principal Executive Officer)

By /s/ STEVEN M. SPIEGEL

Steven M. Spiegel,
Executive Vice President,
Chief Financial Officer
(Principal Financial Officer)

By /s/ KERSTEN D. ZUPFER

Kersten D. Zupfer,
Vice President, Controller
and Chief Accounting Officer
(Principal Accounting Officer)

DATE: August 28, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

/s/ STEPHEN E. WATSON Stephen E. Watson, *Chairman of the Board of Directors*	Date: August 28, 2015
/s/ DANIEL J. HANRAHAN Daniel J. Hanrahan, *Director*	Date: August 28, 2015
/s/ DANIEL G. BELTZMAN Daniel G. Beltzman, *Director*	Date: August 28, 2015
/s/ JAMES P. FOGARTY James P. Fogarty, *Director*	Date: August 28, 2015
/s/ MICHAEL J. MERRIMAN Michael J. Merriman, *Director*	Date: August 28, 2015
/s/ DAVID P. WILLIAMS David P. Williams, *Director*	Date: August 28, 2015
/s/ DAVID J. GRISSEN David J. Grissen, *Director*	Date: August 28, 2015
/s/ MARK LIGHT Mark Light, *Director*	Date: August 28, 2015

EEG, Inc. and Subsidiaries

Consolidated Financial Statements

June 30, 2015, 2014, and 2013

EEG, Inc. and Subsidiaries

Table of Contents
June 30, 2015, 2014, and 2013

Independent Auditors’ Report

Board of Directors
EEG, Inc. and Subsidiaries

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of EEG, Inc. and Subsidiaries, which comprise the consolidated balance sheet as of June 30, 2015 and 2014, and the related consolidated statements of operations, shareholders’ equity, and cash flows for the years ended June 30, 2015, 2014, and 2013, and the related notes to the financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of EEG, Inc. and Subsidiaries as of June 30, 2015 and 2014, and the results of their operations and their cash flows for the years ended June 30, 2015, 2014, and 2013, in accordance with accounting principles generally accepted in the United States of America.

/s/ BAKER TILLY VIRCHOW KRAUSE, LLP

Wilkes-Barre, Pennsylvania
August 28, 2015

EEG, Inc. and Subsidiaries

Consolidated Balance Sheet
June 30, 2015 and 2014

Assets	2015	2014
Current Assets		
Cash and cash equivalents	$ 34,151,811	$ 37,891,769
Restricted cash, trust liabilities	449,243	104,079
Accounts receivable:		
Students (net of allowance of $8,664,840 and $6,710,886 in 2015 and 2014, respectively)	6,367,681	3,238,576
Other	80,833	94,329
Affiliates, unsecured	45,859	17,165
Inventories	2,632,618	3,971,048
Prepaid expenses	1,278,926	2,457,756
Prepaid corporate income taxes	1,431,345	3,863,741
Deferred tax asset, net	—	3,135,326
Total current assets	46,438,316	54,773,789
Property and Equipment, Net	34,907,422	36,528,003
Other Assets		
Intangibles, not subject to amortization	8,704,186	8,704,186
Intangibles, net	157,641	234,355
Prepublication costs (net of accumulated amortization of $85,522 and $24,408 in 2015 and 2014, respectively)	231,120	279,134
Notes receivable, employees, secured	215,701	269,754
Deposits and other assets	704,756	744,082
Deferred tax asset, net	—	11,043,038
Total other assets	10,013,404	21,274,549
Total	$ 91,359,142	$ 112,576,341

Liabilities and Shareholders' Equity	2015	2014
Current liabilities		
Current maturities, capital lease obligation and long term debt	$ 458,722	$ 465,312
Accounts payable, trade	2,389,701	2,977,521
Accounts payable, accrued	3,431,053	3,452,460
Accrued payroll	1,535,836	2,726,493
Accrued expenses	1,284,163	1,361,940
Trust liabilities	199,181	104,079
Unearned tuition	9,483,511	13,708,876
Total current liabilities	18,782,167	24,796,681
Capital Lease Obligation	7,031,094	7,268,653
Long-Term Debt	20,642,677	21,278,840
Deferred Rent	6,878,714	4,238,890
Deferred Compensation	217,768	217,768
Total liabilities	53,552,420	57,800,832
Commitments and Contingencies (Notes 11, 14)		
Shareholders' Equity		
Preferred stock:		
Series A, 8% cumulative, redeemable, $0.001 par value, 150 shares authorized, none issued and outstanding		
Series B, 8% cumulative, redeemable, $0.001 par value, 114 shares authorized, none issued and outstanding		
Common stock, $0.001 par value; 10,000 shares authorized, 897.938 and 899.938 shares Issued and outstanding in 2015 and 2014, respectively	1	1
Additional paid-in capital	66,400,281	66,595,868
Accumulated deficit	(28,593,560)	(11,820,360)
Total shareholders' equity	37,806,722	54,775,509
Total	$ 91,359,142	$ 112,576,341

See Notes to Consolidated Financial Statements

EEG, Inc. and Subsidiaries

Consolidated Statement of Operations
For the Years Ended June 30, 2015, 2014, and 2013

	2015	2014	2013
Revenue			
Educational services	$ 132,946,719	$ 146,462,085	$ 150,474,847
Products	22,050,047	20,078,121	20,489,289
Total revenue	154,996,766	166,540,206	170,964,136
Operating Expenses			
Cost of educational services	97,804,550	95,493,987	91,750,973
Cost of product sales	14,545,443	12,815,299	13,337,935
General, selling, and administrative	38,269,157	42,850,496	43,816,472
Depreciation and amortization	5,352,592	7,385,895	9,327,185
Other operating expenses	2,902,235	3,052,561	4,126,347
Loss (gain) on disposal and sale of assets	167,942	14,026	(256,898)
Impairment loss	218,950	38,454,344	3,881,298
Total operating expenses	159,260,869	200,066,608	165,983,312
(Loss) Income from Operations	(4,264,103)	(33,526,402)	4,980,824
Other Income (Expense)			
Interest expense	(655,523)	(661,863)	(670,607)
Interest income	73,156	38,702	11,960
Miscellaneous income	733,594	185,167	704,531
Total other income (expense), net	151,227	(437,994)	45,884
(Loss) Income Before Provision (Benefit) for Income Taxes	(4,112,876)	(33,964,396)	5,026,708
Provision (Benefit) for Income Taxes	12,625,065	(7,265,186)	2,667,765
Net (Loss) Income	$ (16,737,941)	$ (26,699,210)	$ 2,358,943

See Notes to Consolidated Financial Statements

EEG, Inc. and Subsidiaries

Consolidated Statement of Shareholders' Equity
For the Years Ended June 30, 2015, 2014, and 2013

	Common Stock		Additional Paid-in Capital	Retained Earnings (Accumulated Deficit)	Total
	Shares	Amount			
Balance, June 30, 2012	889.938	$ 1	$ 65,614,530	$ 12,519,907	$ 78,134,438
Net Loss		—	—	2,358,943	2,358,943
Compensation Costs from Stock Options		—	375,541	—	375,541
Balance, June 30, 2013	889.938	1	65,990,071	14,878,850	80,868,922
Net Loss		—	—	(26,699,210)	(26,699,210)
Stock Option Exercise	10	—	234,020	—	234,020
Compensation Costs from Stock Options		—	371,777	—	371,777
Balance, June 30, 2014	899.938	1	66,595,868	(11,820,360)	54,775,509
Net Loss		—	—	(16,737,941)	(16,737,941)
Repurchase & Cancellation of Shares	(2)	—	(46,804)	(35,259)	(82,063)
Cancellation of Non-Qualified Stock Option		—	(179,764)	—	(179,764)
Compensation Costs from Stock Options		—	30,981	—	30,981
Balance, June 30, 2015	897.938	1	66,400,281	(28,593,560)	37,806,722

See Notes to Consolidated Financial Statements

EEG, Inc. and Subsidiaries

Consolidated Statement of Cash Flows
June 30, 2015, 2014, and 2013

	2015	2014	2013
Cash Flows from Operating Activities			
Net (loss) income	$ (16,737,941)	$ (26,699,210)	$ 2,358,943
Adjustments to reconcile net (loss) income to net cash			
provided by operating activities:			
Depreciation	5,214,764	7,269,278	8,925,160
Amortization of intangibles	76,714	92,210	145,686
Amortization of prepublication costs	61,114	24,408	286,261
Impairment loss	218,950	38,454,344	3,881,298
Compensation cost from stock options	30,981	371,777	375,541
Loss (gain) on disposal and sale of equipment	167,942	14,026	(256,898)
Changes in assets and liabilities:			
Accounts receivable, student	(5,083,059)	(178,954)	345,548
Deferred income taxes	13,998,601	(6,772,707)	62,005
Provision for uncollectible accounts	1,953,954	(1,114,546)	(558,967)
Inventories	1,338,430	(1,776,362)	867,656
Prepaid expenses and other assets	3,635,353	(1,472,144)	(193,142)
Restricted cash	(250,062)		—
Notes receivable, employee, secured	(1,156)	(35,734)	—
Accounts payable and accrued expenses	(1,904,515)	760,895	(423,604)
Unearned tuition	(4,225,365)	(1,249,956)	(382,903)
Deferred rent	2,639,824	(5,857)	200,851
Total adjustments	17,872,470	34,380,678	13,274,492
Net cash provided by operating activities	1,134,529	7,681,468	15,633,435
Cash Flows from Investing Activities			
Purchases of property and equipment	(4,223,078)	(4,336,333)	(8,503,783)
Proceeds from disposal and sale of equipment	242,003	54,626	401,049
Investment in prepublication costs	(13,100)	(254,010)	(49,532)
Net cash used in investing activities	(3,994,175)	(4,535,717)	(8,152,266)
Cash Flows from Financing Activities			
Net (repayment) proceeds of long-term debt	(636,163)	11,653,536	(27,232,983)
Repayment of capital lease obligation	(244,149)	(225,701)	(208,648)
Net cash (used in) provided by financing activities	(880,312)	11,427,835	(27,441,631)
Net (Decrease) Increase in Cash and Cash Equivalents	(3,739,958)	14,573,586	(19,960,462)
Cash and Cash Equivalents, Beginning	37,891,769	23,318,183	43,278,645
Cash and Cash Equivalents, End	$ 34,151,811	$ 37,891,769	$ 23,318,183
Supplemental Disclosure of Cash Flow Information			
Interest paid, net of capitalized interest	$ 648,105	$ 667,278	$ 655,464
Income taxes paid, net of refunds	$ (3,736,501)	$ 81,264	$ 3,711,969

See Notes to Consolidated Financial Statements

Consolidated Statement of Cash Flows (Continued)
June 30, 2015, 2014, and 2013

	2015	2014	2013
Supplemental Disclosure of Non-Cash Operating and Financing Activities			
Shareholders note receivable exchanged for common stock	$ —	$ 234,020	$ —
Additional paid-in capital - repurchase and cancellation of shares	$ 101,757	$ —	$ —
Retained earnings - repurchase and cancellation of shares	$ 35,259	$ —	$ —
Notes receivable, employee, secured - repurchase and cancellation of shares	$ (110,163)	$ —	$ —
Accrued expenses - repurchase and cancellation of shares	$ (26,853)	$ —	$ —
Additional paid-in capital - non-qualifying stock option cancellation after vesting	$ 179,764	$ —	$ —
Deferred tax asset - non-qualifying stock option cancelled after vesting	$ (179,764)	$ —	$ —

See Notes to Consolidated Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations and Organizational Matters

EEG, Inc. ("EEG") owns and operates 99 cosmetology schools located throughout the United States. With the exception of 2 cosmetology schools owned by wholly-owned subsidiaries, Gary's Incorporated ("Gary's"), and Northern Westchester School of Hair Dressing and Cosmetology, Inc. ('Northern Westchester"), all of EEG's cosmetology schools are owned directly by EEG. EEG operates cosmetology schools under two brands; Empire Beauty School and the Hair Design School.

Principles of Consolidation

The consolidated financial statements include the accounts of EEG and its wholly-owned subsidiaries, Gary's and Northern Westchester (collectively referred to as the "Company"). All significant intercompany transactions and balances have been eliminated in consolidation.

Subsequent Events

The Company evaluated subsequent events for recognition or disclosure through August 20, 2015, the date the consolidated financial statements were issued.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers all highly liquid investments, purchased with maturity of 90 days or less to be cash equivalents.

Restricted Cash

Restricted cash consists of monies that have not been applied to student accounts receivable, a pledged certificate of deposit to a bank, and various amounts pledged to other entities (Note 2).

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Student Accounts Receivable

Student accounts receivable are reported at amounts management expects to collect on balances outstanding. Accounts are charged to bad debt expense when deemed uncollectible based upon a periodic review of individual accounts. The allowance for doubtful accounts is estimated based on the Company's historical losses.

Inventories

The Company maintains an inventory of beauty supplies, mannequins, tablet computers, and textbooks for instructional use and resale. Inventories are recorded at the lower of cost, determined using the first-in, first-out method, or market.

Property and Equipment

Property and equipment is stated at cost, net of accumulated depreciation. Depreciation is provided using the straight-line method based on the lesser of estimated useful lives of the assets of 5 to 15 years or the lease term. Property and equipment under capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets. Property and equipment under capital lease are being amortized using the straight-line method over the lesser of the lease term or the estimated useful lives of the assets. Amortization of asset under capital lease is included in depreciation expense.

The Company evaluates long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. The Company assesses the recoverability of long-lived assets by calculating expected future cash flows to be generated by the assets. If future undiscounted cash flows are insufficient to support the carrying cost of an asset group, then an impairment loss, measured as the difference between the carrying amount of the asset and the discounted future cash flows it may generate, is calculated and recorded. The Company recorded impairments of tangible fixed assets of $218,950, $9,598,508, and $2,910,067 for the years ended June 30, 2015, 2014, and 2013, respectively.

Goodwill and Other Intangible Assets

The Company has recorded values for Goodwill; Intangibles, not subject to amortization; and Intangibles, net.

Goodwill represents the excess of the purchase price of acquired entities over the fair value of the net assets acquired. Goodwill is subject to periodic impairment testing which occurs at least annually during the fourth quarter of the fiscal year or at the time of a triggering event. In evaluating whether goodwill is impaired, the Company compares the carrying value of the Company, inclusive of Goodwill, to the estimated fair value of the Company.

During the annual test of Goodwill for the fiscal year ended June 30, 2014, management evaluated a number of factors in the business environment which were determined to have had a depressing effect upon the market value of the Company. The factors included a three year downward trend in enrollments and corresponding revenues combined with relatively flat revenue forecasts, and continued negative press and heightened scrutiny by various governmental agencies and officials toward proprietary schools in general.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Goodwill and Other Intangible Assets (Continued)

As a result of additional testing, the implied fair value of Goodwill at June 30, 2014, was $0. Accordingly, an impairment charge to the carrying value of Goodwill in the amount of $28,582,562 was recorded in the consolidated statement of operations of EEG for the fiscal year ended June 30, 2014. There were no prior impairment charges or changes in the carrying amount of Goodwill.

Intangibles, not subject to amortization comprise Accreditation and a Non-Compete Agreement with Regis Corporation ("Regis"), an affiliated company, valued as of the acquisition dates of acquired schools. Intangibles, not subject to amortization are tested for impairment at least annually in the fourth quarter, or sooner if circumstances indicate necessity for earlier testing (Note 4).

Intangibles, net comprise the recorded values of Copyrights and Trade names, Below market rate leases, Business covenants, and Customer lists valued as of the acquisition date of acquired schools. These intangible assets have finite lives, and are stated at cost, net of accumulated amortization. Costs associated with extending or renewing these assets are expensed as incurred. These assets are amortized using a straight-line method over their estimated lives of 2 to 20 years (Note 4).

Prepublication Costs

The Company capitalizes all prepublication direct costs incurred in the physical production of master publication-ready textbooks. These costs include the cost of manuscripts, salaries of staff directly working on designing, writing and editing the master volumes, the costs of supplies, photography, models, expendable goods, rental and maintenance of facilities, depreciation and amortization of equipment and leasehold improvements used directly by the production staff, and costs of nonemployee translators, editors, and writers. The capitalization of prepublication costs ceases when the master volume textbook is ready for submission to a printing house for mass production of the text. Prepublication costs are amortized using the straight-line method over estimated lives of 5-7 years. Amortization expense related to prepublication costs for the years ended June 30 2015, 2014, and 2013, was $61,114, $24,408, and $286,261, respectively. The Company recorded an impairment of prepublication costs of $798,285 for the year ended June 30, 2013.

Revenue Recognition

Tuition revenue is recognized pro-ratably as the school term progresses based upon student hours attended. Unearned tuition is recognized as a result of cash received in advance of students attending class. Revenues for registration fees and products sold are recognized upon completion of the enrollment application and sale of the related products sold, respectively, as the Company has no further performance requirements. Revenues related to other services are recognized upon performance. Revenues exclude sales taxes.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Income Taxes

The Company accounts for its income taxes using the asset and liability method which requires the establishment of deferred tax assets and liabilities for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and net operating loss carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. If it is more likely than not that some portion or all of a deferred tax asset will not be realized, a valuation allowance will be recognized (Note 8). The Company and its subsidiaries file a consolidated federal income tax return and certain consolidated state income tax returns where applicable.

A tax benefit for an uncertain tax position is recognized when it is more likely than not that the position will be sustained upon examination based on its technical merits. This position is measured as the largest amount of tax benefit that is greater than 50 percent likely of being realized. Interest and penalties related to unrecognized tax benefits are recognized as a component of other expense.

Potentially adverse material tax positions are evaluated to determine whether an uncertain tax position may have previously existed or has been originated. In the event an adverse tax position is determined to exist, penalty and interest will be accrued, in accordance with the Internal Revenue Service guidelines, and recorded as a component of other expenses in the Company's statement of income. The Company believes no significant uncertain tax positions exist, either individually or in the aggregate, that give rise to the non-recognition of an existing tax benefit.

Advertising Costs

Advertising costs are charged to operations when incurred. Advertising expense was $10,287,389, $11,248,526 and $9,246,949 for the years ended June 30, 2015, 2014, and 2013, respectively.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under GAAP. The standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard is effective January 1, 2018, for a calendar year public entity. For non-public entities, the amendments in this update are effective for annual reporting periods beginning after December 15, 2018. A non-public entity may elect to apply this guidance earlier; however, not before an annual reporting period beginning after December 15, 2016. Management is evaluating this new guidance and does not believe adoption will have a material impact on its financial statements.

1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

Recent Accounting Pronouncements (Continued)

In August 2014, the Financial Accounting Standards Board issued an update on going concern. Under Generally Accepted Accounting Principles (GAAP), continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity's liquidation becomes imminent. Currently, there is no guidance in GAAP about management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern or to provide a footnote disclosure. The auditor is required to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern for a reasonable period of time not to exceed one year beyond the date of the financial statements being audited.

With this update, an entity's management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity's ability to continue as a going concern within a year after the date that the financial statements are issued. Management's evaluation should be based on relevant conditions and events that are known and reasonably knowable at the date that the financial statements are issued. If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, but the substantial doubt is alleviated as a result of consideration of management's plan, the entity should disclose information that enables users of the financial statements to understand the critical elements of the situation.

If conditions or events raise substantial doubt about an entity's ability to continue as a going concern, and substantial doubt is not alleviated after consideration of management's plan, an entity should include a statement in the footnotes indicating that there is substantial doubt about the entity's ability to continue as a going concern within one year after the date that the financial statements are issued.

The guidance in this update is effective for annual periods ending after December 15, 2016. Early application is permitted. Management is evaluating this new guidance and does not believe adoption will have a material impact on its financial statements.

2. Restricted Cash

The Company has restricted cash from several sources. The U.S. Department of Education places restrictions on Title IV program funds held for students for unbilled educational services. As a trustee of these Title IV program funds, the Company is required to maintain and restrict these funds pursuant to the terms of our program participation agreement with the Department. In addition to the Title IV funds, the Company has a pledged certificate of deposit with a bank to secure all indebtedness arising from or related to a credit card agreement, and various amounts due to other entities. The amount of the indebtedness on the bank agreement is limited to a maximum of $250,000. See table below for a breakdown of what comprised restricted cash as of June 30, 2015, and 2014.

2. Restricted Cash (Continued)

	2015	2014
Certificate of deposit	$ 250,062	$ —
Title IV program funds	2,180	225
State agencies student funds	16,090	12,092
Third party scholarship funds	113,000	—
Charitable contribution pledges	67,774	91,693
Other	137	69
Total restricted cash	$ 449,243	$ 104,079

3. Property and Equipment, Net

Property and equipment consist of the following on June 30:

	2015	2014
Land	$ 900,000	$ 950,000
Building	200,000	415,000
Capital lease asset (Note 5)	8,200,000	8,200,000
Leasehold improvements	42,964,878	43,997,366
Furniture, fixtures, and equipment	24,832,102	26,558,285
Automotive equipment	275,235	349,809
Audio-video equipment	2,377,130	2,563,610
Signs	1,519,957	1,655,237
Construction in progress	577,327	1,263,836
Total cost	81,846,629	85,953,143
Less accumulated depreciation and amortization	46,939,207	49,425,140
Property and equipment, net	$ 34,907,422	$ 36,528,003

The accumulated amortization of the capital lease asset was $1,810,390 and $1,384,416 at June 30, 2015, and 2014, respectively. Capitalized interest was $11,362, $32,690, and $107,149 for the years ended June 30, 2015, 2014, and 2013, respectively.

4. Intangible Assets

Intangibles, not subject to amortization consist of the Accreditation of acquired schools amounting to $7,814,186 and a Non-compete agreement with Regis amounting to $890,000 at June 30, 2015, and 2014. Accreditation provides schools with the ability to participate in Title IV funding and is an indefinite-lived intangible asset due to the minimal requirements on the part of the Company to renew such status. The Non-compete agreement is effective as long as Regis continues holding an ownership interest in the Company. Accordingly, the asset is classified as an indefinite-lived asset. If Regis terminates its ownership interest, the carrying value of the asset will be amortized over its then remaining two year life.

4. Intangible Assets (Continued)

The Company recorded impairments to Accreditation in the amounts of $273,274 and $102,946 for the years ended June 30, 2014, and 2013, respectively. The valuation technique used to evaluate the fair market value was the income approach and the inputs were based on the projected income associated with the Accreditation assets. Accreditation impairment is recorded when accreditation will no longer be utilized or if the estimated fair market value is less than the carrying value.

The Company recorded an impairment of Trade name in the amount of $70,000 in the year ended June 30, 2013.

A summary of intangible assets subject to amortization at June 30 is as follows:

	2015		
	Cost	Accumulated Amortization	Net Carrying Amount
Copyrights and trade names	$ 2,623,883	$ 2,601,200	$ 22,683
Below market rate leases	1,100,614	978,181	122,433
Business covenants	730,100	717,575	12,525
Customer lists	50,000	50,000	—
Total	$ 4,504,597	$ 4,346,956	$ 157,641

	2014		
	Cost	Accumulated Amortization	Net Carrying Amount
Copyrights and trade names	$ 2,763,883	$ 2,738,358	$ 25,525
Below market rate leases	1,372,503	1,206,218	166,285
Business covenants	730,100	687,555	42,545
Customer lists	50,000	50,000	—
Total	$ 4,916,486	$ 4,682,131	$ 234,355

4. Intangible Assets (Continued)

Amortization of Intangibles

Amortization expense for the years ended June 30, 2015, 2014, and 2013, was $76,714, $92,210, and $145,686, respectively.

Estimated amortization expense related to intangibles for the next five years is as follows:

Years ending June 30:		
2016	$	46,901
2017		26,154
2018		15,596
2019		15,595
2020		12,289
Total	$	116,535

5. Capital Lease Obligation

The Company is obligated under a capital lease arrangement with an affiliated company for office space used in the Company's operations. At June 30, 2015, the scheduled future minimum lease payments required under the capital lease and the present value of the net minimum lease payments are as follows:

Years ending June 30:		
2016	$	891,522
2017		891,522
2018		891,522
2019		891,522
2020		891,522
Thereafter		8,915,224
Total future minimum lease payments		13,372,834
Less amounts representing interest		6,104,181
Present value of minimum lease payments		7,268,653
Less current portion		237,559
Long-term obligation	$	7,031,094

6. Long-Term Debt

The Company has a credit facility with a bank maturing September 30, 2016. The maximum availability for borrowings or letters of credit under the facility is $20,000,000. Interest is payable monthly at one month Libor plus 250 basis points (2.69% at June 30, 2015). There were borrowings of $19,500,000 and $19,915,000 outstanding at June 30, 2015, and 2014, respectively. The Company was contingently liable to the bank for three irrevocable letters of credit totaling $500,000 and $85,000 at June 30, 2015, and 2014, respectively. The maximum borrowing availability on the credit facility is reduced by the amount of any outstanding letters of credit. The credit facility is collateralized by a pledge of substantially all of the Company's assets.

The Company has a bank term loan ("Term Loan"). The Term Loan has a 120 month term with a final maturity of August 31, 2021. The Term Loan may be called by the lender on August 31, 2016. Interest is currently payable at a rate of 2.625% on the Term Loan. Long-term borrowings under the Term Loan were $1,142,677 and $1,363,840 as of June 30, 2015, and 2014, respectively. The current portion of these borrowings was $221,163 as of both June 30, 2015, and 2014. The Company will be required to pay $221,163 in equal annual installments in each of the next five years. The Term Loan is collateralized by substantially all of the Company's assets.

The Company had a buyout credit facility with Regis (an affiliated company), (the "Buyout Loan"). The balance on the Buyout Loan at June 30, 2012, was $11,411,928, and bore interest at a rate of 2.50 percent. The Company repaid the Buyout Loan by the maturity date of January 18, 2013. The Regis credit facility was secured by substantially all assets of the Company. Amounts of principal and interest due on the credit facility were subordinate to amounts due to the bank.

7. Deferred Compensation

In 2008, the Company assumed a non-qualified deferred compensation arrangement with an executive of the Company. The executive is fully vested with regard to this deferred compensation; however, in the absence of limited circumstances the arrangement will not be settled and paid. Settlement of the deferred amount may be as a cash settlement or in equal annual installments over a three-year period as dictated by the terms of the agreement and circumstances requiring settlement. The deferred compensation liability is $217,768. Management considers any of the conditions requiring settlement in the near term, to be remote and has classified the deferred amount as a long-term liability.

8. Income Taxes

The components of pretax (loss) income from continuing operations for the years ended June 30 are as follows:

	2015	2014	2013
U.S.	$ (4,112,876)	$ (33,964,396)	$ 5,026,708

8. Income Taxes (Continued)

The provision (benefit) for income taxes for the years ended June 30 is comprised of the following:

	2015	2014	2013
Current			
Federal	$ (1,570,540)	$ (157,680)	$ 2,054,682
State	197,006	(334,799)	551,078
Deferred			
Federal	10,264,661	(5,698,153)	106,827
State	3,733,938	(1,074,554)	(44,822)
Total	$ 12,625,065	$ (7,265,186)	$ 2,667,765

During fiscal year 2015, the impacts from the decline in student enrollments have had a negative impact on the Company's financial performance. Due to losses incurred in recent years, the Company was no longer able to conclude that it was more likely than not that the deferred tax assets would be fully realized and established a valuation allowance on the deferred tax assets.

	Fiscal Year 2015
Balance, June 20, 2014	$ —
Establishment of valuation allowance on deferred tax assets	12,564,735
Changes to deferred tax asset valuation allowance	126,461
Balance, June 30, 2015	$ 12,691,196

The Company will continue to assess its ability to realize its deferred tax assets on a quarterly basis and will reverse the valuation allowance and record a tax benefit when the Company generates sufficient, sustainable pretax earnings to make the realizability of the deferred tax assets more likely than not.

The difference between the expected income tax determined by applying the statutory income tax rate and the actual income tax is primarily attributed to state income taxes and nondeductible expenses.

Deferred tax assets (liabilities) are as follows at June 30:

	2015	2014
Current assets	$ 3,752,805	$ 3,135,326
Less: valuation allowance	(3,752,805)	—
Net current deferred income taxes	—	3,135,326
Noncurrent assets	8,938,391	11,043,038
Less: valuation allowance	(8,938,391)	—
Net noncurrent deferred income taxes	$ —	$ 11,043,038

8. Income Taxes (Continued)

A reconciliation of the statutory U.S. federal income tax rate to our effective income tax rates for continuing operations for the years ended June 30 are as follows:

	2015	2014	2013
Statutory U.S. federal income tax rate	(34.0)%	(34.0)%	34.0%
State and local income taxes	6.6 %	(2.4)%	10.8%
Nondeductible goodwill	—	15.7 %	—
Deferred tax valuation allowance	308.6 %	—	—
Business Interruption insurance proceeds	—	—	5.8%
Estimate to actual rate true up	19.6 %	—	—
Other	6.2 %	(0.7)%	2.5%
Effective income tax rate	307.0 %	(21.4)%	53.1%

The effective tax rate for period ended June 30, 2015, included $12,691,196 of a deferred tax valuation allowance which increased the effective tax rate by approximately 308.6 percent. The effective tax rate was also increased by 19.6 percent related to the estimate to actual state tax rate true up for period ended June 30, 2015. The effective tax rate for the year ended June 30, 2014, included a $15.2 million non-deductible Goodwill impairment charge which decreased the negative effective tax rate by approximately 15.7 percent. The effective tax rate for the year ended June 30, 2013, increased approximately 5.8 percent related to the receipt of $748,026 in business interruption insurance proceeds which had been recognized in the preceding year's financial statements.

The components of the net deferred tax assets and liabilities as of June 30 are as follows:

	2015	2014
Deferred tax assets:		
Deferred rent	$ 2,681,882	$ 1,681,362
Payroll and payroll related costs	860,321	1,063,691
Allowance for doubtful accounts	3,377,935	2,668,017
State deferred bonus depreciation	722,034	876,271
Depreciation and amortization	1,422,115	4,507,000
Capital lease	2,858,920	3,005,350
Other	767,989	376,673
Less: valuation allowance	(12,691,196)	—
Total deferred income taxes assets	$ —	$ 14,178,364

As of June 30, 2015, 2014, and 2013, there were no unrecognized tax benefits that, if recognized, would significantly affect the Company's effective tax rate. Also, as of June 30, 2015, 2014, and 2013, there were no material penalties and interest recognized in the statement of income, nor does the Company foresee a change in its material tax positions that would give rise to the non-recognition of an existing tax benefit during the forthcoming twelve months.

8. Income Taxes (Continued)

Tax returns filed with the Internal Revenue Service and state taxing authorities are subject to review. The Company's federal and state income tax returns filed for 2011 and prior are no longer subject to examination by federal or state taxing authorities.

9. Profit Sharing Plan

The Company sponsors a 401(k) savings and profit sharing plan. The Company made contributions to the plan of $309,422, $319,307 and $319,646 during the years ended June 30, 2015, 2014, and 2013, respectively.

10. Stock Transactions

Common Stock

The minority shareholder of EEG has an irrevocable proxy from Regis providing the holder with 51% of the shareholder vote until such time that the holder owns less than 35% of the total outstanding EEG common stock; EEG commences an initial public offering of common stock; EEG is sold; or if the shareholders' agreement between Regis and the minority shareholder (the "Agreement") is terminated.

Under the terms of the Agreement, certain aspects of the shareholders' relationship are regulated. The Agreement makes certain provisions for governance, and provides for restrictions on transfer or other disposition of the common stock of the Company.

The Agreement grants Regis the right to elect one member to the board of directors (The "Board") and to be represented on any committees established by the Board. The Board is limited to five directors.

In addition, the Agreement prohibits certain actions of the Company, without the prior written approval of Regis, as long as Regis owns at least 60% of the common stock owned on the date of the Agreement. The more significant actions requiring approval are: (i) directly or indirectly acquiring any assets, capital stock, or any other interest in another business or entity, other than in the ordinary course of business; (ii) the transfer, lease, mortgage, pledge or encumbrance of substantially all of the Company's assets; (iii) disposal of any business entity or product line, division or subsidiary of the Company; (iv) the merger, consolidation, reorganization or re-capitalization of the Company; (v) the borrowing or issuing of indebtedness except under the existing Regis credit facilities; and (vi) the issuance of any equity security or any options, warrants, convertible securities or other rights to acquire equity securities.

A shareholder wishing to sell all or any portion of their shares owned shall deliver a notice of intention to sell, thereby granting a right of first refusal. Finally, any shareholder holding 20% or more of the then outstanding shares may elect, by written notice, to seek a sale of the Company.

Preferred Stock

The Company has authorized the following preferred stock:

10. Stock Transactions (Continued)

Preferred Stock (Continued)

Series A - 150 shares authorized, cumulative, redeemable, $0.001 par value, $100,000 per share issuance price. Series A pays dividends at an initial rate of 8% increasing incrementally to an annual rate of 16% within the first year of issuance and then increasing 1% annually thereafter. Series A does not contain voting privileges.

Series B - 114 shares authorized, cumulative, redeemable, $0.001 par value, $100,000 per share issuance price. Series B pays dividends at an initial rate of 8% increasing incrementally to an annual rate of 16% within five years of issuance and then increasing 1% annually thereafter. Series B does not contain voting privileges.

No Series A or B preferred stock was issued and outstanding on June 30, 2015, or 2014.

11. Commitments

The Company leases buildings for its school operations, administrative offices, and a storage area under noncancellable operating leases expiring in various years through June 2030. Rent expense was $14,811,929, $14,915,571, and $14,451,557 for the years ended June 30, 2015, 2014, and 2013, respectively.

Minimum future rental payments over the primary terms of the Company's leases as of June 30, 2015, for each of the next five years and in aggregate are:

Years ending June 30:	
2016	$ 14,018,945
2017	12,863,796
2018	11,948,785
2019	9,588,790
2020	6,462,633
Thereafter	12,406,476
Total minimum future rental payments	$ 67,289,425

Certain operating lease agreements contain scheduled rent increases. In accordance with generally accepted accounting principles, this rent has been accounted for on a straight-line basis. The difference between the straight-line basis and the amount of rent paid is recorded as a noncurrent liability, deferred rent.

12. School Closing Charges and Severance Costs

EEG closed 12 schools during the fiscal year ended June 30, 2015. Nine of the school closures were in advance of the lease end dates and EEG recorded future rental obligations, net of future sublease revenues, totaling $3,217,347 related to these school closings. These charges are reported in the Statement of Operations as Operating Expenses in the Cost of educational services value. At June 30, 2015, the accrued liability of the net future lease costs, reported under the balance sheet caption of Deferred Rents, had a carrying value of $2,634,351. Severance costs related to these school closings totaled $515,020 and are reported in the Statement of Operations as Operating Expenses in the Cost of educational services value.

13. Related Party Transactions

There were no purchases of supplies or payments of interest to Regis for the years ended June 30, 2015, or 2014. For the year ended June 30, 2013, purchases of supplies from Regis totaled $369,236, and interest expense to Regis totaled $89,174. There is no amount due to or from Regis at June 30, 2015, or 2014.

The Company is also affiliated with Schoeneman Realty Company (a Partnership) because of common ownership and control.

The Company recognized interest expense of $589,463, $600,466, and $617,633 under a capital lease arrangement with Schoeneman Realty Company for the years ended June 30, 2015, 2014, and 2013, respectively (Note 5). Principal payments on this lease amounted to $244,149, $225,683 and $208,647 for the years ended June 30, 2015, 2014, and 2013, respectively. Interest expense accrued related to the capital lease was $55,312, $49,478, and $50,832 as of June 30, 2015, 2014, and 2013, respectively. This is included in accrued expenses.

14. Contingencies

The Company has been named a co-defendant in a lawsuit filed in New York State which seeks class action status. While management believes the Company will successfully defend itself in this lawsuit, the ultimate outcome and legal costs to defend the Company may be material to the future financial results of the Company, and are undeterminable at this time. As such, no accruals have been recognized in the accompanying consolidated financial statements.

The Company has been named a co-defendant and defendant in lawsuits filed in New Jersey and Pennsylvania, respectively. Each of the suits seek class action status. While management believes the Company will successfully defend itself in these lawsuits, the ultimate outcome and legal costs to defend the Company may be material to the future financial results of the Company, and are undeterminable at this time. As such, no accruals have been recognized in the accompanying consolidated financial statements.

The Company has, from time to time, been involved in routine litigation incidental to the conduct of business. The Company does not believe there are any other existing litigation matters which could have a material adverse effect on the Company's financial condition.

An estimated liability in the amount of $265,666 at June 30, 2015, 2014, and 2013, related to the estimated amount of Title IV funding that may be required to be refunded to the U.S. Department of Education, has been recorded, and is included in accrued expenses. This amount represents management's estimated exposure related to the disbursement of federal student financial aid, at five separate schools, on student accounts that were found to have unacceptable documentation. These matters have been reported to the U.S. Department of Education.

15. Concentrations of Credit Risk

A material amount of the Company's revenue is derived from student tuition which has been funded or guaranteed by federal or state governments. A change in government funding under the Higher Education Act could have a significant impact on the Company's revenues.

The Company maintains its cash accounts in various commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation to $250,000.

16. Stock Options

On July 1, 2008, three executives were granted stock options for the purchase of 10 shares under the EEG, Inc. 2008 Non-Qualified Stock Option Plan. These options were granted in replacement of vested options under the Empire Beauty School, Inc. 2003 - 2004 Fiscal Year Stock Options Plan. Empire Beauty School, Inc. was a predecessor to the Company. The options were fully vested on July 1, 2008, and were exercised on September 30, 2013.

On July 1, 2008, four executives were granted stock options under the EEG, Inc. 2008 Non-Qualified Stock Option Plan for the purchase of 50 shares of common stock. These options are fully vested but could not be exercised prior to August 14, 2014, except under limited conditions as specified in the plan. These options expire on March 20, 2018.

The estimated fair value of options granted has been determined as of the date of grant using the Black-Scholes option pricing model. Expected volatility was determined using a publicly traded education segment index. The expected term of the options represented the estimated duration until exercise date. The risk-free rate in the model was 4.6%.

Option activity as June 30, 2015, was as follows:

	Number of Shares	Exercise Price (per share)	Remaining Contractual Life (per share)
Outstanding, June 30, 2014	50	$ 129,400	4.00
Less: Options cancelled after vesting, September 26, 2014	10	$ 129,400	0.00
Total Outstanding, June 30, 2015	40	$ 129,400	3.00

Weighted Average fair value of options granted:	$55,929
Option Price Range (Fair Value):	$45,233 - $109,408

Equity compensation costs for the years ended June 30, 2015, 2014, and 2013 were $30,981, $371,777, and $375,542, respectively.

17. Fair Value of Financial Instruments

The carrying amount and estimated fair value of the Company's financial instruments are as follows at June 30:

	2015		2014	
	Carrying Value	Fair Value	Carrying Amount	Fair Value
Assets:				
Cash, cash equivalents, and restricted cash	$ 34,604,054	$ 34,604,054	$ 37,995,848	$ 37,995,848
Accounts receivable, net	6,448,514	6,448,514	3,332,905	3,332,905
Accounts receivable, affiliates	45,859	N/A	17,165	N/A
Liabilities:				
Long Term Debt, other	20,863,840	20,863,840	21,500,003	21,500,003
Accounts payable, trade	2,389,701	2,389,701	2,977,521	2,977,521
Deferred rent	2,634,351	2,634,351	N/A	N/A

Fair values were determined as follows:

- Cash, cash equivalents, and restricted cash; accounts receivable, net; and accounts payable, trade - the carrying amounts approximate fair value because of the short-term maturity of these instruments and they are considered level 2 inputs under Fair Value Measurements.
- Accounts receivable, affiliate; accounts payable, affiliates; and long-term debt, affiliate - estimating the fair value of these instruments is not practicable because the terms of these transactions would not necessarily be duplicated in the market.
- Long-term debt, other - the carrying amounts of long-term debt, other approximate fair value based on borrowing rates available to the Company for debt with similar terms and they are considered level 2 inputs under Fair Value Measurements.
- Deferred rent - the values are the component of Deferred Rent liability which represents the carrying value and estimated fair value of the future rent liabilities associated with school closings in advance of lease terminations. These values have been determined via discounted cash flow models and are classified as level 3 Fair Value Measurements.

18. Fair Value Measurements

EEG is required to measure certain assets such as Goodwill; Intangibles, not subject to amortization; and Long-lived assets with carrying values which may be in excess of their implied fair value or not fully recoverable based upon estimated future cash flows on a non-recurring basis.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability between a willing buyer and seller in an orderly transaction. Accounting guidance specifies a fair value hierarchy for estimates of fair value with observable inputs at the highest level, and unobservable inputs at the lowest.

Fair value measurement classifications are as follows:

Level 1 - Quoted prices for identical items in active markets

Level 2 - Quoted prices for similar items in active markets; quoted prices for similar or identical items in non-active markets; and valuations derived by models in which all significant value assumptions are observable in active markets.

Level 3 -Valuations derived by models where one or more material assumptions are unobservable in an active market.

Asset groups containing values measured, and presented on a non-recurring fair value basis at June 30, 2015, are as follows:

Description	Value	Level 3	Impairment
Long-lived assets[(1)]	$ —	$ —	$ 218,950
Deferred rent[(2)]	$ 2,634,351	$ 2,634,351	N/A

(1) Long-lived assets with a carrying amount of $218,950 were written down to their implied fair values resulting in an impairment charge of $218,950 (Note 1).
(2) The fair value estimate of future rent obligations of school sites closed in advance of lease terminations were determined under discounted cash flow models and are included as a component of Deferred Rent liability (Note 12).

Asset groups containing values measured, and presented on a non-recurring fair value basis at June 30, 2014, are as follows:

Description	Value	Level 3	Impairment
Goodwill[(1)]	$ —	$ —	$ 28,582,562
Intangibles, not subject to amortization[(2)]	$ 8,704,186	$ 8,704,186	$ 273,274
Long-lived assets[(3)]	$ 139,763	$ 139,763	$ 9,598,508

(1) Goodwill with a carrying amount of $28,582,562 was written down to its implied fair value resulting in an impairment charge of $28,582,562 (Note 4).
(2) Intangibles, not subject to amortization with a carrying amount of $8,977,460 were written down to their implied fair values resulting in an impairment charge of $273,274 (Note 3).
(3) Long-lived assets with a carrying amount of $9,738,271 were written down to their implied fair values resulting in an impairment charge of $9,598,508 (Note 1).

19. Business Interruption Insurance

The Company maintains insurance for both property damage and business interruption relating to catastrophic events. Business interruption coverage covers lost profits and other costs incurred.

On June 25, 2011, the Brooklyn location suffered fire damage when a fire destroyed the building in which the school held its operations. The site reopened in June 2013. The Company received $388,870 and $386,968 in lost profits in the years ended June 30, 2015, and 2013, respectively. This amount is included in miscellaneous income on the consolidated statement of operations.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held October 20, 2015

TO THE SHAREHOLDERS OF REGIS CORPORATION:

The Annual Meeting of the Shareholders (the “Annual Meeting”) of Regis Corporation (referred to as “we,” “us,” “our,” “Regis” and the “Company”) will be held at our executive offices located at 7201 Metro Boulevard, Edina, Minnesota 55439, on October 20, 2015 commencing at 9:00 a.m., for the following purposes:

1. To elect eight 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); and

4. 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 August 24, 2015 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 voting instructions provided to you. If you requested a paper copy of the proxy card by mail, you may also date, sign and mail the proxy card in the postage-paid envelope that is provided with your proxy card. 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.

By Order of the Board of Directors

Eric A. Bakken
Secretary

September 9, 2015

REGIS CORPORATION

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS, OCTOBER 20, 2015

This Proxy Statement is 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 October 20, 2015 (the "Annual Meeting"), and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders.

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

Availability of Proxy Materials

As permitted by rules adopted by the Securities and Exchange Commission ("SEC"), we are making our proxy materials, which include our Notice and Proxy Statement and Annual Report on Form 10-K, available to our shareholders over the Internet. We believe that this e-proxy process expedites our shareholders' receipt of proxy materials and lowers the costs and reduces the environmental impact of the Annual Meeting. In accordance with such SEC rules, we will send shareholders of record as of the close of business on August 24, 2015 a Notice of Internet Availability of Proxy Materials (the "Notice"), which mailing will commence on or about September 9, 2015. The Notice contains instructions on how shareholders can access our proxy materials and vote their shares over the Internet. If you would like to receive a printed copy of our proxy materials from us instead of downloading them from the Internet, please follow the instructions for requesting such materials included in the Notice.

Solicitation and Revocation of Proxies

In addition to the use of the mails, proxies may be solicited personally or by mail, telephone, fax, email, Internet or other electronic means by our directors, officers and regular employees who will not be additionally compensated for any such services. Proxies may also be solicited by means of press releases and other public statements.

We will pay all solicitation expenses in connection with the Notice and this Proxy Statement and any related proxy soliciting material of the Board, including the expense of preparing, printing, assembling and mailing such material.

Proxies to vote at the Annual Meeting are solicited on behalf of the Board. Any shareholder giving a proxy may revoke it at any time before it is exercised by attending the Annual Meeting and revoking it or by providing written notice of revocation or by submitting another proxy bearing a later date to our Secretary at the address set forth above. Such proxies, if received in time for voting and not revoked, will be voted at the Annual Meeting in accordance with the specifications indicated thereon.

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 and the Say-on-Pay proposal. Accordingly, we urge you to promptly give instructions to your custodian to vote on these matters by following the instructions 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.

VOTING RIGHTS AND REQUIREMENTS

Only shareholders of record as of the close of business on August 24, 2015 will be entitled to sign proxies or to vote. On that date, there were 52,998,021 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 Annual Meeting is required to transact business, and constitutes a quorum for voting on items at the Annual 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 Annual 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

Item 1. The affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the Annual Meeting, with respect to each director nominee, 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. The election is not contested. A majority of the votes cast means that the votes entitled to be cast by the holders of all the then-outstanding shares of voting stock of the Company that are voted "For" a director must exceed the shares voted "Against" the director.

Item 2. 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 Annual Meeting is required for approval of this proposal. A shareholder who abstains with respect to this proposal will have the effect of casting a negative vote on this proposal. A shareholder who does not vote in person or by proxy on a proposal (including a broker non-vote on a proposal) is not deemed to be present in person or by proxy and is not entitled to vote on the proposal for the purpose of determining whether a proposal has been approved.

Item 3. The advisory vote on executive compensation in Item 3 is 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. A shareholder who abstains with respect to this proposal will have no effect on its outcome.

Routine Versus Non-Routine Matters. Brokers cannot vote on their customers' behalf on "non-routine" proposals such as Item 1, the election of directors and Item 3, the advisory vote 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, 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, such as may be the case with a non-routine matter for which you do not provide voting instructions. A broker non-vote on any of the proposals presented at the Annual Meeting will have no effect on the outcome of the proposal.

ITEM 1
ELECTION OF DIRECTORS

Eight directors are to be elected at the Annual Meeting, each to hold office for one year until the 2016 annual meeting of shareholders and until their successors are elected and qualified. Based upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the eight persons named below for election as directors. All of the Board's nominees other than Ms. Rhoades are currently directors of Regis and each nominee has consented to serve if elected. James P. Fogarty, a current director, is not standing for reelection as a director at the Annual Meeting.

Unless authority to vote is withheld, proxies submitted 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 director nominees are:

	Age	Director Since	Independent Director/Nominee
Daniel G. Beltzman	40	2012	✓
David J. Grissen	57	2013	✓
Daniel J. Hanrahan	58	2012	
Mark S. Light	53	2013	✓
Michael J. Merriman	59	2011	✓
M. Ann Rhoades	71	Nominee	✓
Stephen E. Watson	70	2008	✓ Chair
David P. Williams	54	2011	✓

	Principal Position	Other Public Company Directorships
Daniel G. Beltzman	General Partner, Birch Run Capital Advisors, LP	-

Mr. Beltzman founded Birch Run Capital Advisors, LP ("Birch Run"), a financial investment advisory firm, and has served as its General Partner since May 2006. Prior to managing investments, Mr. Beltzman worked at both Deutsche Bank Securities, Inc. and Bank of America Securities, LLC focusing on equity research and mergers and acquisitions. Thereafter, he founded an entrepreneurial venture that provided services to help European builders more efficiently manage their supply chains. Mr. Beltzman also worked with a boutique investment firm that specializes in joint venture equity and mezzanine debt for real estate ventures. Mr. Beltzman has spent the last twelve years as an investor and manager of Birch Run and its predecessors, during which time he has studied the business models of many public companies, and developed a specific expertise in capital allocation.

Mr. Beltzman's financial experience and expertise, as well as his perspective as a significant shareholder of the Company, contribute valuable insights to the Board.

	Principal Position	Other Public Company Directorships
David J. Grissen	Group President of Marriott International, Inc.	-

Mr. Grissen has served as Group President of Marriott International, Inc., a global operator of hotels and related lodging facilities, since 2013. During his 28 years of experience with Marriott, he has held various positions, including Group President, Americas; President, Americas; Executive Vice President of the Eastern Region; Senior Vice President of the Mid-Atlantic Region and Senior Vice President of Finance and Business Development. He has had responsibility for the financial management and leadership of all the Americas' lodging operations, comprising more than 3,400 hotels and a work force of 100,000 associates, including responsibility for sales and marketing, revenue management, human resources, engineering, room operations, food and beverage/retail/spa, information resources and development. Mr. Grissen was a director of Good Times Restaurants Inc. from 2005 to 2010.

Mr. Grissen's experience leading a complex service organization that includes both franchised and owned operations contributes valuable perspectives to the Board. The Board believes that Mr. Grissen's experience building marketing platforms for multiple portfolio brands, and his experience in acquisitions and integration, help him guide the Company in its turnaround as it focuses on improving the customer experience through each of its brands and identifies opportunities for growth.

	Principal Position	Other Public Company Directorships
Daniel J. Hanrahan	President and Chief Executive Officer, Regis Corporation	Cedar Fair, L.P. (since 2012)

Mr. Hanrahan is the President and Chief Executive Officer of the Company, which positions he has held since August 2012. Prior to joining the Company, he served as President of Celebrity Cruises at Royal Caribbean Cruises Ltd., a global cruise vacation company, since February 2005, and as its President and Chief Executive Officer since September 2007. Mr. Hanrahan served as President and Chief Executive Officer of Azamara Cruises at Royal Caribbean from February 2005 to July 2009. From 1999 until February 2005, Mr. Hanrahan served in a variety of positions with the Royal Caribbean International brand, including Senior Vice President, Sales and Marketing.

The Board believes that Mr. Hanrahan should continue to serve as a director because as Chief Executive Officer of the Company, he shares responsibility with the Board for guiding the direction of the Company, and he has a deep understanding of the Company's operations, strategy, results of operations and financial condition, as well as issues affecting the Company's industry. Mr. Hanrahan's prior operational background and his extensive experience across a wide spectrum of consumer-facing brands enable him to provide important insights to the Board related to the Company's strategy to improve the salon experience.

	Principal Position	Other Public Company Directorships
Mark S. Light	Chief Executive Officer and Director, Signet Jewelers Limited	Signet Jewelers Limited (since November 2014)

Signet Jewelers Limited is the world's largest retailer of diamond jewelry. Signet operates approximately 3,600 stores primarily under the name brands of Kay Jewelers, Zales, Jared The Galleria Of Jewelry, H.Samuel, Ernest Jones, Peoples and Piercing Pagoda. Mr. Light started in Signet's US Division, Sterling Jewelers Inc. as a sales associate 37 years ago. He has progressed through various management positions to his current position, Signet Chief Executive Officer, to which he was appointed in November 2014, holding many titles along the way. These include Sterling Division President, Executive Vice President of Operations, President and Chief Operating Officer, President and Chief Executive Officer, and Signet Chief Operating Officer.

Mr. Light has brought his experience with a company having a business model similar to the Company's, which is focused on customer loyalty and a high performing field sales group, to assist the Board in its efforts to improve the salon experience and the Company's operational performance.

	Principal Position	Other Public Company Directorships
Michael J. Merriman	Operating Advisor, Resilience Capital Partners, LLC	Nordson Corporation (since 2008) (Audit Committee Chair) OMNOVA Solutions Inc. (since 2008) (Presiding Director and Compensation Committee Chair) Invacare Corporation (since May 2014) (Audit Committee Chair)

Mr. Merriman joined Resilience Capital Partners, LLC, a private equity firm, in 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. In addition to his current directorships listed above, Mr. Merriman served as a director of American Greetings Corporation from 2006 until it went private in August 2013 and 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 brings to the Board 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 provides the Board with valuable expertise. In addition, the

Board believes that his wide range of management experience at various public companies allows him to provide valuable insight into the Company's operations as well as its interactions with investors and financial analysts.

	Principal Position	Other Public Company Directorships
M. Ann Rhoades	President, People Ink	-

Ms. Rhoades has served as the President of People Ink, Inc., a human resources consulting firm, since its inception in 1999. From 1999 through 2002, Ms. Rhoades served as JetBlue's Executive Vice President, People. From 1995-1999, Ms. Rhoades was the Executive Vice President, Team Services for Promus Hotel/DoubleTree Hotels Corporation. From 1989 to 1995, Ms. Rhoades was the Vice President, People for Southwest Airlines. Ms. Rhoades has served as a director of JetBlue Airways (2001-May 2015), Restoration Hardware, Inc. (1999-2001 and 2005-2009), and P.F/Chang's China Bistro (2003-2012). Ms. Rhoades serves on the boards of the University of New Mexico Alumni Association, New Mexico Appleseed, the New Mexico Health Sciences Center, Safer New Mexico Now, and formerly HireVue, Inc. and Brigham and Women's Hospital at Harvard Medical School.

The Board has nominated Ms. Rhoades to serve as a director because of her deep experience as a leader and director in a variety of consumer-facing public companies. Her particular expertise in human resources will help us in our mission to make Regis the place where stylists can have successful and satisfying careers, which will drive great guest experiences and in turn, guests for life.

	Principal Position	Other Public Company Directorships
Stephen E. Watson	Retired Executive	Kohl's Corporation (since 2006) (Lead Director and Audit Committee Chair) Chico's FAS, Inc. (since Nov. 2010)

Mr. Watson was elected a director of Regis in April 2008, and became the Chairman of the Board on January 29, 2013. 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 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 his current directorships listed above, from 1997 through December 2005, Mr. Watson was a director of ShopKo Stores, Inc., an operator of general merchandise stores, and 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.

	Principal Position	Other Public Company Directorships
David P. Williams	Executive Vice President and Chief Financial Officer, Chemed Corporation	-

Chemed Corporation is a provider, through its subsidiaries, of hospice care and repair and maintenance services, and Mr. Williams has served as its Chief Financial Officer since February 2004. From 1998 until 2004, Mr. Williams was the Senior Vice President and Chief Financial Officer of the Roto-Rooter Group, a leading provider of commercial and residential plumbing and drain cleaning services. Prior to that, Mr. Williams was the Chief Financial Officer of Chemed's Omnia Group subsidiary, a manufacturer of disposable healthcare products, and prior to that was Senior Vice President and Chief Financial Officer of Omnicare's Veratex Group, a national distributor of disposable medical, dental and pharmaceutical products. Prior to joining Chemed, Mr. Williams was with Price Waterhouse in their Comprehensive Professional Services Group.

Mr. Williams' depth of experience in various senior executive roles of public and private companies and his significant accounting and financial expertise enable him to provide meaningful contributions to the oversight of financial and accounting matters at the Company, and qualify him as an audit committee financial expert.

The Board unanimously recommends that you vote FOR the election of each of the director nominees.

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 over recent years. Below is a summary of the key corporate governance practices in effect at Regis:

Corporate Governance Practices

Corporate Governance Practice	Regis Policy
Board Independence and Leadership	All of our directors, other than our President and Chief Executive Officer, are independent, and we have an independent Chairman of the Board.
Board Refreshment and Shareholder Insight	Seven of our eight current directors joined the Board at or after the 2011 annual meeting of shareholders, and three of them were identified as candidates by, or in coordination with, our shareholders. In addition, we have a new director nominee standing for election at the Annual Meeting.
Management Team Enhancements	All but one of our executive officers have joined our company since 2011, including CEO Daniel Hanrahan, and we have added key talent to our management team in the areas of operations, merchandising, real estate, franchising, human resources, marketing, information management and asset protection.
Annual Election of Directors	All of our directors have one-year terms and stand for election each year.
Majority Voting Standard	In 2013, our Board and shareholders adopted a majority voting standard for the election of directors. We also amended our Corporate Governance Guidelines to require incumbent directors who do not receive a majority vote to tender their resignation to the Board.
10% Threshold for Special Meetings	Shareholders holding 10% or more of Regis's outstanding stock have the right to call a special meeting of shareholders.
Related Party Transactions	Our Board has adopted a Related Party Transaction Approval Policy requiring approval of all related party transactions where the amount involved exceeds $10,000 for the fiscal year. We did not have any related party transactions during fiscal 2015.
Director Stock Ownership	Under our Corporate Governance Guidelines, our directors are required to hold all common stock received as part of their compensation for service as a director until he or she ceases to be a member of the board. All of our directors own stock in the Company.
Executive Compensation Best Practices	In 2012, our Compensation Committee retained a new executive compensation consultant and restructured our executive compensation programs. The compensation information included in this Proxy Statement reflects the third year we have operated our revamped compensation program. Our key fiscal 2015 compensation practices and policies are described below in more detail under "Compensation Discussion and Analysis" (the "CD&A"), including: · Focus on performance-based incentives; · Adoption of a "clawback" policy;

- Benchmarking of severance benefits and perks;
- Elimination of tax gross-ups;
- Meaningful stock ownership guidelines for executives;
- Prohibition on hedging transactions;
- Use of an independent compensation consultant;
- Annual risk assessment process;
- Annual say-on-pay shareholder vote; and
- Prohibition on repricing without shareholder approval.

Shareholder Rights Plan	It is the Board's intention to not renew the Company's shareholder rights plan (sometimes called a "poison pill") when it expires in December 2016.

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 President and Chief Executive Officer, 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 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 $120,000 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. Hanrahan, our President and Chief Executive Officer, is independent. The Board determined that the independence of Mr. Williams, Chief Financial Officer of the parent company of Roto-Rooter, and Mr. Grissen, Group President of Marriott International, Inc. is not impaired by the fact that the Company pays Roto-Rooter and Marriott for plumbing and hotel services. Accordingly, a supermajority of the Board 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 independent Chairman of the Board 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 standing committees: the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. The composition of these committees at fiscal year-end is set forth below.

		Members							
	Meetings during FY15	**Beltzman**	**Fogarty**	**Grissen**	**Hanrahan**	**Light**	**Merriman**	**Watson**	**Williams**
Audit	4		✓	✓		✓			*C
Compensation	6	✓				✓	C	✓	
Nominating and Corporate Governance	4	✓		C			✓	✓	✓

C denotes Chair
* denotes Audit Committee Financial Expert

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 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” on the “Investor Information” page. 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.

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, generally 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, the Board has determined that David Williams, who is an independent director, is an audit committee financial expert for purposes of the SEC rules and possesses accounting or related financial management expertise 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 the 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.” The Board has determined that all members of the Compensation Committee also meet the NYSE definition of independence applicable to Compensation Committee members.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee discharges the Board’s responsibilities related to general corporate governance, including Board organization and membership and evaluation. It monitors Board education and orientation of new directors, and manages the annual CEO evaluation. In addition, the Nominating and Corporate Governance Committee assists the Board in the development of and compliance with the Company’s Corporate Governance Guidelines. It also reviews and resolves any director conflicts of interest 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 a 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. While the Board has overall responsibility for risk management, each of the Board committees has supporting responsibility for risk management and makes periodic updates to the full Board. Their specific areas of responsibility are:

- The Audit Committee discusses and approves policies with respect to risk assessment and risk management. Throughout the year, its agendas include discussions of the Company’s enterprise risk management program and top risks. The Audit Committee oversees the management of financial risks and 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 pursuant to our Code of Ethics and reviews governance and compliance issues with a view to managing associated risks.

While each committee is responsible for regularly reviewing, evaluating and overseeing the management of such risks, the Board 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, Executive and Senior Vice Presidents and other Company officers and personnel with roles in managing risks. The Compensation Committee is also advised by its compensation consultant, Towers Watson, which annually reviews the risk relating to the Company's compensation practices. However, our General Counsel and head of Internal Audit are the primary personnel responsible to the Audit Committee and, when appropriate, the Board in the planning, assessment and reporting of our risk profile.

Board Leadership

Since fiscal 2012, our board leadership structure has had separate positions for the Chief Executive Officer and Chairman of the Board. Daniel Hanrahan is currently the Chief Executive Officer of the Company and Stephen Watson is currently the independent Chairman of the Board. The Board believes that having an independent Chairman is an appropriate governance practice to ensure independent Board leadership and is an appropriate leadership structure for our company at this time.

Board Meetings and Attendance

The Board held five meetings during the fiscal year ended June 30, 2015. 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 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. At the 2015 annual meeting of shareholders, all of the directors attended.

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. Most recently, the Board discussed the experience and qualifications needed on the Board, and asked Birch Run, our largest shareholder, to assist the Nominating and Corporate Governance Committee in identifying candidates with experience in those areas. This process resulted in the recommendation of Ms. Rhoades, with whom neither the Company nor Birch Run had a prior relationship, as a director nominee.

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 the 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.

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

This Compensation Discussion and Analysis ("CD&A") describes the basic objectives, principles, decisions and rationale underlying our compensation policies as well as the material elements of the compensation of our executive officers identified below (the "Named Executive Officers" or "NEOs") for fiscal 2015:

Name	Title	Period of Employment
Daniel J. Hanrahan	President and Chief Executive Officer ("CEO")	August 2012 — present
Steven M. Spiegel	Executive Vice President and Chief Financial Officer	December 2012 — present
Eric A. Bakken	Executive Vice President, Chief Administrative Officer, Corporate Secretary and General Counsel	January 1994 — present
Jim B. Lain	Executive Vice President and Chief Operating Officer	November 2013 — present
Heather L. Passe	Senior Vice President, Chief Marketing Officer	July 2012 — present

This CD&A is organized into the following sections and should be read in conjunction with the detailed compensation tables beginning on page 26.

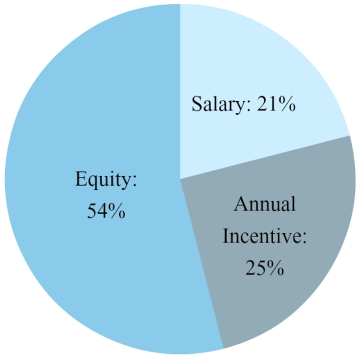
Section 1: Executive Summary

Our Company and Prior-Year Compensation

Regis Corporation owns, franchises and operates beauty salons under trade names including SmartStyle, Supercuts, MasterCuts, Regis Salons and Cost Cutters. At June 30, 2015, we owned, franchised or held ownership interests in 9,556 salon locations, primarily in the U.S., Canada, Puerto Rico and the United Kingdom.

We strongly believe in aligning executive compensation with shareholder interests. Therefore, we have an executive compensation program that is significantly performance-based. Our CEO, Dan Hanrahan, has approximately 80% of his annual compensation tied to performance, with over 50% denominated as equity, to foster ownership and shareholder alignment.

Target CEO Compensation Mix



Equity Breakdown:

40% Performance Stock Units (PSUs)	40% Stock Appreciation Rights (SARs)	20% Restricted Stock Units

Under Mr. Hanrahan's leadership, we have implemented significant, multi-year, foundational initiatives to drive a business turnaround, including restructuring of our field operations, introducing a new point-of-sale system in our salons, and recruiting an almost entirely new executive management team. These investments are critical to creating long-term shareholder value; however, the near-term impacts reduced financial performance, which we believe has constrained our total shareholder return in recent years. In keeping with our pay-for-performance orientation, NEO compensation in fiscal years 2013 and 2014 was below target, while realized compensation increased in fiscal year 2015 based on improved performance on metrics that drive shareholder value. Specifically, in fiscal 2015, the Compensation Committee incentivized management to drive increases in cash flow per share, as the Committee believes that over time this will translate into increased shareholder value.

In addition, in recognition of the competitive market for chief executive talent in certain industries where Mr. Hanrahan is particularly qualified, and to increase the performance and retention incentives for Mr. Hanrahan during this critical phase of our turnaround, the Committee approved certain supplemental equity awards to Mr. Hanrahan, our CEO, in January 2015. The Committee designed these awards to both incentivize Mr. Hanrahan to remain at Regis through the five-year period of the awards and to provide successively greater realized compensation to Mr. Hanrahan for future stock price appreciation, further aligning his interests with our shareholders. These awards were:

- RSUs valued at $3 million, all of which cliff vest on the fifth anniversary of the date of grant; and
- SARs valued at $2 million, all of which cliff vest on the fifth anniversary of the date of grant and have a seven year term. The SARs are divided equally into five tranches, as follows:

SARs (#)	Strike Price ($)	Premium Above the Stock Price on Date of Grant (%)
60,537	17.02	—%
65,755	18.72	10%
71,828	20.59	21%
78,864	22.64	33%
86,986	24.85	46%

The execution of our turnaround, the foundational improvements to the organizational structure and customer experience, and our effective governance practices produce an executive compensation program that is:

- Aligned with shareholders
- Sensitive to financial performance; and
- Variable, with an emphasis on equity and stock ownership.

Section 2: How We Design Executive Pay

Shareholder Engagement

The Compensation Committee, the Board and executive leadership are committed to considering the perspectives of our shareholders on all aspects of our business, including executive compensation. In the past three years, the Compensation Committee conducted a thorough review of our executive compensation programs and made many changes to demonstrate our commitment to incorporating shareholder feedback, updating our executive compensation programs to ensure that they meet our evolving business strategy, and directly aligning pay with performance as well as the market.

During that time, we have had ongoing dialogue with a number of our major shareholders about aligning our compensation programs with shareholder interests. The themes from those conversations were:

- An emphasis on pay for performance;
- A significant portion of compensation tied to shareholder value creation over the long term;
- Meaningful stock ownership levels to align executives and shareholders;
- A commitment to our strategic initiatives to execute our business transformation (e.g., asset protection, leadership development, and technical training);
- The importance of retaining our new leadership team to execute through the turnaround; and
- Our uses of capital and capital allocation policy to ensure the highest return to shareholders.

We believe that our compensation practices have been supported by our shareholders, as evidenced by the results of our annual say-on-pay votes in 2013 and 2014, which were approved by 97% and 99%, respectively, of the votes cast on the proposals. Our Compensation Committee and Board viewed these votes as an endorsement of the new direction of our executive compensation programs and policies, and we remain committed to that direction.

In addition, Daniel Beltzman of Birch Run Capital, our largest shareholder, is a member of our Compensation Committee. His perspective as a major shareholder is therefore always a part of the Committee's decision-making.

Our Compensation Committee and Board remain committed to engaging with our shareholders to discuss our executive compensation programs, seeking shareholder input and improving the ability of our compensation programs to motivate our executives to drive long-term shareholder returns.

Compensation Philosophy

The Compensation Committee (also called the "Committee" in this CD&A), has adopted a compensation philosophy that centers on the following guiding principles:

- Generally target total direct compensation at the market median, with the following considerations:
    - Achieving our desired competitive position will occur over time and will consider not only the total program value, but also the reward vehicles that are used (i.e., performance-based incentives versus fixed benefits).
    - Moving toward the market median will consider our size and performance relative to peers (noted below) to ensure that targeted compensation is appropriately calibrated and that realizable compensation is consistent with absolute and relative performance.
- Align with shareholder interests by designing a compensation portfolio that pays for performance in sales and increases in cash flow per share, as we believe increasing cash flow per share is a leading indicator for

eventual stock price appreciation. Specifically, for fiscal 2015, the Committee incentivized management to drive increases in cash flow per share through:

- Annual incentives focused on (i) adjusted EBITDA less CAPEX, as defined, over outstanding shares and (ii) same-store sales.

- Long-term incentives are made up of three components (40% performance share units, 40% stock appreciation rights, and 20% restricted stock units), a combination that incentivizes stock ownership, aligns management and shareholders and minimizes the use of strictly time-based awards to emphasize performance.

- Maintain a minimal value of benefits and perquisites to support the desired performance-orientation of the compensation program and align with market practices.

The Committee also recognizes the need to remain flexible to address particular circumstances as they arise so that we can remain competitive in retaining talent and incentivize executives to achieve our current strategic objectives.

Review of External Market Data

In setting executive compensation for fiscal 2015 that aligned with our compensation philosophy, the Committee considered the practices in the external market. The market was defined by the Committee to be:

- A peer group consisting of 18 companies; and
- Other relevant broad retail industry data.

The Committee first selected the 18 companies below as our peer group (the "Peer Group") in fiscal 2013, based on the following criteria:

- Companies in similar industries, particularly those operating in specialty retail with a high service emphasis and with franchise operations; and

- Companies with comparable annual revenues at that time, generally at one-half to two and one-half times Regis' revenues, such that Regis' revenues, gross profit and number of employees were above the median of the peer group in each of those areas.

In fiscal 2014 and 2015, the Committee determined to use the same Peer Group, finding that these companies continued to serve as a reasonable comparison to the Company.

Advance Auto Parts, Inc.	Fossil Group, Inc.*	Penn National Gaming, Inc.
Boyd Gaming Corp.	Fred's, Inc.	Revlon, Inc.
Brinker International, Inc.	Keurig Green Mountain, Inc.	Sally Beauty Holdings, Inc.
Outerwall, Inc.	H&R Block, Inc.	Service Corporation International
Cracker Barrel Old Country Store	Jack in the Box, Inc.	The Cheesecake Factory, Inc.
DineEquity, Inc.	Panera Bread Co.	Ulta Salon, Cosmetics & Fragrance, Inc.

**Note that Fossil Group, Inc. is excluded for purposes of benchmarking Chief Executive Officer compensation because its chief executive officer does not receive any annual compensation.*

The Peer Group data served as the primary comparison for the Chief Executive Officer and Chief Financial Officer positions, and the data from other survey sources were the primary comparison for the other executive officer positions as aligning comparable job titles for the broader group is difficult to do among the more limited data available from the Peer Group. The broader retail market data were from multiple survey sources including Towers Watson Compensation DataBank-Retail Industry; Towers Watson Compensation Survey Report-Retail Industry; Mercer Retail Industry Survey; and the Hay Group Retail Executive Survey. Data from these broader sources were adjusted to Regis' revenue size.

Role of the Compensation Committee

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 our compensation programs, a basic objective for the Committee was that the total compensation awarded to the NEOs be fair, reasonable and competitive in relation to the median compensation for similar positions within our Peer Group, as identified above, 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. Accordingly, the primary 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 to, our incentive compensation, equity-based plans and benefit programs.

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 during fiscal 2015 were regularly attended by our Chief Executive Officer; Executive Vice President, Chief Administrative Officer, Corporate Secretary and General Counsel; Senior Vice President, Chief Human Resources Officer; 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 or during other executive sessions of the Committee.

Role of the Independent Compensation Consultant

The Committee has engaged Towers Watson as an independent consulting firm to provide executive compensation consulting services to the Committee. The Committee has assessed Towers Watson's independence pursuant to applicable SEC rules and concluded that no conflict of interest exists that would prevent Towers Watson from independently representing the Committee.

In advising the Committee, Towers Watson prepares competitive pay analyses regarding both the Peer Group and the broader retail market for the elements of annual compensation, and provides information on the performance of our business compared to the Peer Group. Based on these analyses, Towers Watson advised the Committee on the level and design of the annual compensation programs for our executive officers. The Chairperson of the Committee worked directly with Towers Watson to determine the scope of the work needed to assist the Committee in its decision-making processes. Towers Watson worked with management, at the direction of the Committee, to fully understand the future business direction and the historical, current and desired future direction of our pay policies and practices, as well as to facilitate the development of our compensation strategies, including the approach to determining compensation levels.

Section 3: Elements of the Executive Compensation Program in Fiscal 2015

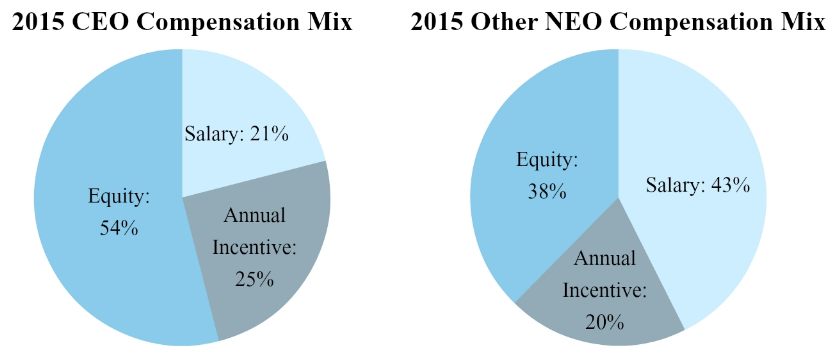
Total Direct Compensation for Fiscal 2015

While the Committee has established overall compensation and benefits programs for our NEOs that are intended to work in accordance with our stated philosophy, individual elements of our compensation packages are designed for different purposes within that philosophy. For fiscal 2015, as in 2013 and 2014, the elements of compensation for our NEOs were:

Element	Description	Why we include this component
Base Salary	Short-term fixed cash compensation	Provide a base level of compensation for executive talent
Annual Non-Equity Cash Incentive ("Bonus")	Short-term variable cash compensation, based on corporate performance against annually established metrics	Motivate executives to meet and exceed objectives in consideration of our annual strategic plan
Long-Term Incentive Compensation	Long-term variable equity compensation, including performance units, stock appreciation rights and restricted stock units	Provide market-competitive equity-based compensation opportunities, enhancing executive retention while aligning interests of executives and shareholders

Target Compensation Mix for Fiscal 2015

The Committee established the mix of base salary and incentive compensation by referencing market practices for total direct 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 direct compensation package for an NEO, the Committee considered the internal relationship of pay across all executive positions. To tie compensation to performance, the Committee structured annual non-equity incentive compensation and the performance-based element of long-term incentive compensation in a manner that provided the opportunity to earn above market compensation for results above target, and below market compensation when the target is not achieved. Target total direct compensation for the NEOs was generally flat for fiscal 2015 compared to fiscal 2014.



Base Salary Decisions for Fiscal 2015

In connection with Towers Watson's review of our executive compensation in fiscal 2015, base salaries remained flat with fiscal 2014 base salaries. The base salaries paid in fiscal 2015 to each of our NEOs are shown under the "Salary" column of the Summary Compensation Table.

Annual Incentive Decisions for Fiscal 2015

Annual non-equity incentive compensation ("AIC") for our NEOs is determined each year under our Short Term Incentive Plan (the "Short Term Plan"). The AIC compensation earned by our NEOs for fiscal 2015 is reported under the Non-Equity Incentive Plan column of the Summary Compensation Table. AIC amounts are governed by the Short Term Plan and the AIC performance criteria and payout levels are set each year by the Committee, in accordance with the terms of the Short Term Plan. The target AIC compensation amounts are a percentage of base salary, as follows:

	Target AIC (as a Percentage of Salary)
Daniel J. Hanrahan	125%
Steven M. Spiegel	50%
Eric A. Bakken	50%
Jim B. Lain	50%
Heather L. Passe	50%

Each year, the Committee evaluates our annual strategic plan to determine if the financial metrics are appropriate to measure achievement of our objectives and to motivate executives, and sets corresponding financial metrics to be included in the AIC awards. For fiscal 2015, the Committee established the following metrics:

Performance Measure	Weighting	Performance Goal		Award Multiplier
1. (Adjusted EBITDA - CAPEX) divided by Fully Diluted Outstanding Shares	70%	Maximum	$0.972	200%
		Target	$0.618	100%
		Threshold	$0.442	50%
2. Same Store Sales (SSS) Percentage Change	30%	Maximum	1.5%	200%
		Target	0.0%	100%
		Threshold	-1.0%	50%

The Committee chose these metrics to reflect several priorities. In fiscal 2013 and fiscal 2014, adjusted EBITDA and same-store-sales improvement year-over-year served as the performance metrics. These metrics focused management on top line revenue, operations and cash generation, as needed to begin our turnaround. In fiscal 2015, the Committee adjusted these metrics to further align management with shareholders by adding CAPEX and outstanding shares measures. These adjustments also incentivized management to scrutinize capital expenditures year over year and return excess capital to our shareholders, in line with our capital allocation policy. Payouts for achievement of levels between threshold and target or target and maximum were structured so that there would be a somewhat flatter slope until attainment of about 130% of target, and then steeper thereafter to reward very strong performance.

Actual results for fiscal 2015 were:

Performance Measure	Weighting	FY2015 Performance	Award Multiplier
1. (Adjusted EBITDA - CAPEX) divided by Fully Diluted Outstanding Shares	70%	$0.977	165.27%
2. Same Store Sales (SSS) Percentage Change	30%	-0.3%	

In setting the metrics for fiscal 2015, the Committee defined Adjusted EBITDA as net income(loss) excluding interest expense, income taxes, depreciation and amortization, adjusted to exclude equity in income(loss) of affiliated companies, discontinued operations and identified discrete items impacting comparability for each respective period (i.e., expenses, charges, or favorable or unfavorable impacts of extraordinary, unusual, infrequent or non-recurring items and other similar items). The Committee defined CAPEX as the purchase of tangible fixed assets held for use in the operation of the business, classified as property and equipment, including the impact of unpaid capital expenditures at the beginning and end of the fiscal year. In applying these definitions at the end of the performance period, the discrete items included in Adjusted EBITDA were: self-insurance reserve adjustments, expense associated with legal cases, and deferred compensation adjustments, all of which are reflected in our reported Adjusted EBITDA results, as well as restructuring costs in the current year that provide for economic benefit in future years, employee-related accruals relating to prior years, and a one-time refund of sales taxes, all of which also constituted unusual or non-recurring items. In addition, the Committee determined to calculate CAPEX net of funds received from landlords for capital expenditures and from sales of property to franchisees (to the extent of our net carrying value in such property).

Long-Term Incentive Decisions for Fiscal 2015

The Committee considers equity-based long-term incentive compensation ("LTI") to be critical to the alignment of executive compensation with the creation of shareholder value. The Company's annual LTI awards include a targeted mix of long-term incentive vehicles as follows:

40% Performance Stock Units (PSUs)	40% Stock Appreciation Rights (SARs)	20% Restricted Stock Units

Our long-term equity incentive compensation awards are granted pursuant to our Long-Term Plan. For our equity awards, the grant date for the awards is the date the grant becomes effective. The exercise price of any stock option or stock appreciation right grant is the closing price of a share of our common stock on the grant date. The terms of these awards are described in more detail below in the narrative accompanying the Grants of Plan-Based Awards in 2015 table. From time to time, the Committee may also make grants under other special circumstances, such as recruiting new executive talent, upon the promotion of an executive, and to retain key individuals.

LTI awards to our NEOs for fiscal 2015 were as follows:

	40% Performance Units (#)	40% SARs (#)	20% Restricted Stock Units (#)	Total Value (at Target) ($)
Daniel J. Hanrahan	59,563	134,529	29,781	2,250,000
Steven M. Spiegel	10,589	23,916	5,294	400,000
Eric A. Bakken	10,589	23,916	5,294	400,000
Jim B. Lain	9,265	20,926	4,632	350,000
Heather L. Passe	10,589	23,916	5,294	400,000

The performance units are earned using the same performance measures, targets and weightings described in the AIC section, with possible payouts ranging from 50% to 200% of the number of performance units. If the performance units are earned, those units are subject to two additional years of time-based vesting. The Committee chose to use the same performance measures and a one-year performance period because our ongoing turnaround limits the Committee's visibility into longer performance periods, making it difficult to set appropriately challenging longer-term goals. However, the additional two years of time-based vesting promotes retention past the performance period and encourages continued financial improvement.

Based on the actual fiscal 2015 results, as discussed above, the 2015 AIC performance goals established by the Committee were met above the target. Therefore, the NEOs earned the granted performance units at a multipler of 165.27%, as set forth in the table below. These units will cliff vest on August 29, 2017.

	Fiscal 2015 Performance Units (#)
Daniel J. Hanrahan	98,440
Steven M. Spiegel	17,500
Eric A. Bakken	17,500
Jim B. Lain	15,312
Heather L. Passe	17,500

Special Awards to Mr. Hanrahan in January 2015

In recognition of the competitive market for chief executive talent in certain industries where Mr. Hanrahan is particularly qualified, the Committee approved certain supplemental equity awards to Mr. Hanrahan, our CEO, in January 2015, along with certain amendments to his employment agreement (discussed below under '*Post-Employment Compensation*'). This decision was the culmination of a review of Mr. Hanrahan's compensation against certain market data, and took into consideration various factors, including the leadership Mr. Hanrahan has shown in effecting the turnaround of our business and the Board's desire to ensure that Mr. Hanrahan remains incentivized to stay with the Company and continue the initiatives that are underway. The Committee worked with its independent compensation consultant, Towers Watson, to design awards to address these considerations. As a result of this process, the Committee granted the following awards to Mr. Hanrahan:

- RSUs valued at $3 million, all of which cliff vest on the fifth anniversary of the date of grant; and

- SARs valued at $2 million, all of which cliff vest on the fifth anniversary of the date of grant and have a seven year term. The SARs are divided equally into five tranches, as follows:

SARs (#)	Strike Price ($)	Premium Above the Stock Price on Date of Grant (%)
60,537	17.02	—%
65,755	18.72	10%
71,828	20.59	21%
78,864	22.64	33%
86,986	24.85	46%

The provisions in the equity awards provide for accelerated vesting of the awards upon termination of Mr. Hanrahan's employment due to death or disability, without cause, for good reason, and in connection with a change in control, and are otherwise subject to the terms of our Long Term Plan.

In short, the Committee designed these awards to both incentivize Mr. Hanrahan to remain at Regis through the five-year period of the awards and to provide successively greater realized compensation to Mr. Hanrahan for future stock price appreciation, further aligning his interests with our shareholders.

Special Retention Restricted Stock Unit Grants in August 2014

In fiscal 2014, the NEOs did not earn the performance unit portion of the long-term incentive awards due to financial performance that was below the thresholds set at the beginning of fiscal 2014. The CEO requested, and the Committee determined, to grant special discretionary retention RSUs to the NEOs, other than the CEO, in August 2014 in order to recognize the important work the executive team accomplished in the effort to reorganize the Company and to lay the groundwork that we believe will lead to long-term strategic success, and to retain and incentivize them to continue their work toward these objectives. The special retention RSUs will cliff vest at the end of a three-year period if the NEO remains employed, thereby demonstrating the Committee's expectation that the executives remain with the Company to recognize value from the grants if the foundational initiatives undertaken are successful. Other than the three-year cliff vesting, the RSU have the same terms, including treatment upon termination, as the RSUs granted as part of our annual long-term incentives.

The value of the special retention RSUs is equal to approximately 50% of the target level of the performance unit portion of the fiscal 2014 long-term incentive award. Awards of restricted stock units equal to that value were made based on the fair market value on August 28, 2014. Accordingly, the values and number of shares of the restricted stock units for each NEO is:

	RSU ($)	RSU (#)
Daniel J. Hanrahan	—	—
Steven M. Spiegel	80,000	5,294
Eric A. Bakken	80,000	5,294
Jim B. Lain	60,000	3,970
Heather L. Passe	80,000	5,294

These RSUs were awarded in recognition of fiscal 2014 performance, but because the actual award timing occurred in fiscal 2015, these awards are reported in the "Stock Awards" column for fiscal 2015 in the Summary Compensation Table.

Benefits

Consistent with our current compensation philosophy, we provide minimal benefits and these benefits align with the market median and with current market practices. The benefits we provided our NEOs in fiscal 2015 are summarized in the footnotes to the Summary Compensation Table or are otherwise reported in the accompanying tables, including footnotes. Current benefits for our NEOs include core benefits available to all full-time employees (e.g., coverage for medical, dental, prescription drugs, basic life insurance, and long-term disability coverage).

Prior to fiscal 2013, we also provided certain supplemental retirement benefits, additional life insurance benefits and certain gross-up payments. Where applicable, these benefits are described below under "*Summary of Executive Agreements*." These benefits were eliminated or frozen prior to fiscal 2013, and continue to be provided only in the case of certain grandfathered agreements, as described below. Related to this, in fiscal 2012, the Committee determined to discontinue but grandfather existing arrangements under the Company's executive life insurance program, which provides employer-paid whole life premium payments for a select group of senior executives, up to a total of ten payments. In arriving at the decision to grandfather existing arrangements, the Committee considered the importance of this benefit as a retirement vehicle and the potential dissatisfaction that could result from eliminating the benefit.

<u>Section 3</u>: Governance Policies and Additional Compensation-Related Items

Compensation Practice	Regis Policy
Independent Compensation Committee	Our Compensation Committee is composed solely of directors who are independent under the standards of the SEC and the NYSE, including the higher standards applicable to Compensation Committee members.
Clawback Policy	We have adopted a "clawback" policy that permits us to recover certain cash incentive payments from executive officers whose misconduct or negligence resulted in a significant financial restatement.
Clawback of Sign-On Bonuses	The cash sign-on bonuses to the NEOs who were hired during fiscal 2014 must be repaid in full if they leave the Company within three years of hire.
Severance Benefits and Perks	We have benchmarked and implemented market severance terms (generally, base salary plus bonus, or two times base plus bonus after a change in control), while retaining our "double trigger" structure.
No Tax Gross-Ups	We do not provide tax gross-ups on perquisites or "golden parachute" payments.
Frozen Supplemental Retirement Benefit Plan	We previously froze the benefits under our supplemental retirement benefit plan as of June 30, 2012, as well as certain executive life insurance benefits.
Stock Ownership Guidelines	We have meaningful stock ownership guidelines for our executives, discussed in more detail below.
Hedging of Company Stock	Our insider trading policy prohibits our employees, officers and directors from engaging in transactions that "hedge" their investments in our stock.
Pledging of Company Stock	Our insider trading policy prohibits our employees, officers and directors from holding our stock in a margin account or pledging it as collateral for a loan, except in the limited circumstance that an individual has demonstrated financial capacity to repay the loan without resort to the pledged securities and obtains General Counsel approval.
Independent Compensation Consultant	Our independent Compensation Committee has retained Towers Watson & Co. to advise and report directly to the Committee.
Annual Risk Assessment	We conduct an annual risk assessment of our compensation programs, which is led by Towers Watson.
Annual Say-on-Pay Vote	We offer our shareholders the opportunity to cast an advisory vote on our executive compensation every year. Last year, 99% of votes cast were in support of our compensation arrangements.
No Repricing or Exchange of Underwater Options/SARs	Our plan prohibits the repricing or exchange of underwater stock options and stock appreciation rights without shareholder approval.

Stock Ownership by Named Executive Officers

The Board believes that each of our officers who has reached the level of Senior Vice President or above should be a shareholder and should have a significant financial stake in the Company. Accordingly, the Committee adopted stock ownership requirements, which are reflected in our Corporate Governance Guidelines, requiring each officer to hold Regis common stock having a fair market value equal to a multiple of their base salary, as set forth below:

- Chief Executive Officer—3x annual base salary
- Executive Vice President—2x annual base salary
- Senior Vice President—1x annual base salary

The current stock ownership requirements were established in April 2013. The guidelines require officers to retain at least 75% of the shares received from equity compensation awards, net of shares withheld or tendered to satisfy withholding taxes, until the stock ownership requirement is satisfied. All shares beneficially owned by an officer are included in the calculation, except that shares subject to performance-based vesting conditions and shares subject to unexercised stock options and SARs are not included. For purposes of the stock ownership calculation, the shares are valued at the greater of (i) the average closing price of a share of the Company's common stock during the most recent fiscal year and (ii) the closing price on the last day of the most recent fiscal year.

The table below sets forth the current stock ownership as of July 1, 2015 for each NEO:

	Stock Ownership Guideline	**Current Ownership Level**
Daniel J. Hanrahan	3x	8x
Steven M. Spiegel	2x	1.8x
Eric A. Bakken	2x	2.3x
Jim B. Lain	2x	1.9x
Heather Passe	1x	0.8x

The Committee is responsible for measuring and monitoring compliance with these guidelines.

Post-Employment Compensation

Pursuant to their employment agreements, all of our NEOs are entitled to certain compensation and other benefits if their employment terminates due to certain articulated reasons (including in connection with a change in control), as described below under "Summary of Executive Agreements." The employment agreements with our NEOs contain covenants not to compete or solicit, as well as confidentiality provisions, that the Committee considers especially valuable in the event of an executive's termination of employment. They provide for payment of post-termination payments in installments over time, and the payments are conditioned upon signing and not rescinding a release of claims and continuing compliance with the restrictive covenants in the employment agreement. In addition, the severance payments will be offset by any compensation the executive officer receives from other employment during the severance period.

The Committee and the Board recognize the importance to us and our shareholders of avoiding the distraction and loss of key management personnel that may occur in connection with any rumored or actual change in control of the Company. Accordingly, the Committee and Board have structured change in control provisions to incentivize executives to remain employed while a transaction is under consideration or pending, and not to favor one transaction structure over another merely because of the impact on the executive's compensation. These provisions are discussed in the section captioned "*Summary of Executive Agreements*."

In addition, in January 2015 the Committee approved an amendment to Mr. Hanrahan's employment agreement that increases the severance he would receive if he is terminated without cause or resigns for good reason, other than in connection with a change in control, from one times his base salary to two times his base salary. The severance calculation also includes the bonus he would have earned for the year had he remained employed, as provided in his original employment agreement. These amendments were made in conjunction with supplemental equity grants, which are discussed above under "*Special Awards to Mr. Hanrahan in January 2015*,'" both of which were designed to address the Board's desire to ensure that Mr. Hanrahan remains incentivized to remain with our Company through our turnaround.

Deductibility of Executive Compensation

Code Section 162(m) imposes a $1 million limit on the amount that a public company may deduct for compensation paid to a company's chief executive officer or any of its three other most highly compensated executive officers (other than its chief financial officer) who are employed as of the end of the year. This limitation does not apply to compensation that meets the requirements under Section 162(m) for "qualifying performance-based" compensation (i.e., compensation paid only if the individual's performance meets pre-established objective goals based on performance criteria approved by shareholders). The Committee's policy is to design compensation programs that further the best interests of the Company and our shareholders and that preserve the tax deductibility of compensation expenses. Non-equity incentive compensation paid to executive officers under the Short Term Plan and stock options, SARs and performance share units awarded under the Long Term Plan are designed to qualify as performance-based compensation. The Committee also believes, however, that it must maintain the flexibility to take actions which it deems to be in our best interests but which may not qualify for tax deductibility under Section 162(m). In this regard, the Committee recognizes that if the amount of base salary and any other compensation that is not determined to be performance-based under Section 162(m), such as time-vested restricted stock, guaranteed bonuses for new executives, discretionary bonus payouts or bonus payouts that are adjusted to exclude certain items that would have negatively impacted the bonus calculation, for any of our executive officers exceeds $1 million, any amounts over $1 million will not be deductible for federal income tax purposes. The amount of any non-deductible compensation has not had a material impact on our consolidated tax position.

As required under the tax rules, we must obtain shareholder approval of the material terms of the performance goals for qualifying performance-based compensation every five years. We last received shareholder approval of the Short Term Plan in 2014, and shareholders approved an extension of the term of the Long Term Plan in 2013.

Regulatory Considerations

The Committee considered (i) the impact of the $1 million limit on the deductibility of non-performance based compensation imposed by Code Section 162(m), (ii) the accounting treatment of various types of equity-based compensation under Accounting Standards Codification (ASC) Topic 718, and (iii) the non-deductibility of excess parachute tax payments under Code Section 280G (and the related excise tax imposed on covered employees under Code Section 4999 as described above under "Gross-Up Payments") in its design of executive compensation programs. In addition, the Committee considered other tax and accounting provisions in developing the compensation programs for our NEOs. These included the special rules applicable to non-qualified deferred compensation arrangements under Code Section 409A, as well as the overall income tax rules applicable to various forms of compensation. While the Committee strove to compensate our NEOs in a manner that produced favorable tax and accounting treatment, its main objective was to develop fair and equitable compensation arrangements that appropriately motivate, reward and retain those executives.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained in this Proxy Statement with the management of the Company. Based on its review and related discussions, the Compensation Committee recommended to the Board that the Compensation Discussion and Analysis be included in this Proxy Statement.

Michael J. Merriman, Chairman
Daniel G. Beltzman
Mark S. Light
Stephen E. Watson
Members of the Compensation Committee

SUMMARY COMPENSATION TABLE

The following table shows, for our principal executive officer, our principal financial officer, and the three other most highly compensated executive officers of Regis in fiscal year 2015 (together referred to as the Named Executive Officers or "NEOs"), information concerning compensation earned for services in all capacities during each of the fiscal years ended June 30, 2015, 2014, and 2013.

Name and Principal Position	Year	Salary($)(1)	Bonus($)(2)	Stock Awards ($)(3)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total($)
Daniel J. Hanrahan	2015	882,000	—	4,349,984	2,899,980	1,755,994	—	46,746	9,934,704
President and Chief Executive Officer(6)	2014	882,000	—	2,131,137	899,996	—	—	73,105	3,986,238
	2013	801,904	1,062,500	3,716,147	996,000	—	—	260,554	6,837,105
Steven M. Spiegel	2015	432,000	—	319,984	159,998	330,540	—	95,856	1,338,378
Executive Vice President and Chief Financial Officer(7)	2014	432,000	100,000	319,024	160,000	—	—	89,548	1,100,572
	2013	252,050	116,667	539,807	94,905	—	—	51,624	1,055,053
Eric A. Bakken	2015	482,000	—	319,984	159,998	371,858	— (9)	94,781	1,428,612
Executive Vice President, Chief Administrative Officer and General Counsel(8)	2014	482,085	112,500	546,824	160,000	—	103,080	94,185	1,498,675
	2013	482,085	—	373,384	147,740	—	25,529	165,672	1,194,410
Jim B. Lain	2015	432,000	—	269,971	139,995	330,540	—	22,051	1,194,557
Executive Vice President and Chief Operating Officer(10)	2014	279,026	250,000	674,390	76,272	—	—	15,600	1,295,288
Heather L. Passe	2015	392,000	—	319,984	159,998	297,486	—	35,188	1,204,656
Senior Vice President and Chief Marketing Officer(11)	2014	392,000	90,000	438,700	160,000	—	—	34,175	1,114,875
	2013	358,335	100,000	121,863	88,478	—	—	14,207	682,883

(1) Includes amounts provided to the NEOs in the form of a modest perquisite allowance of approximately $32,000 per NEO that primarily covers an automobile allowance. The entire allowance is paid to the NEOs regardless of whether they spend the entire amount on automobile expenses and, therefore, is reported as base salary; however, the allowance amount is not included as base salary for purposes of determining other compensation and benefits amounts.

(2) The amounts for fiscal 2014 for Mr. Spiegel, Mr. Bakken and Ms. Passe represent discretionary bonuses, which were paid to certain of the NEOs other than the CEO in August 2014. These bonuses are subject to a three-year clawback if the executive terminates employment voluntarily other than for Good Reason. The fiscal 2014 amount for Mr. Lain represents a sign-on payment of $130,000 made in connection with the commencement of his employment, plus a discretionary bonus of $120,000 paid in August 2014. Amounts for Messrs. Hanrahan and Spiegel for fiscal 2013 represent payouts of guaranteed bonus payments made pursuant to the terms of their employment agreements. Amount for Ms. Passe for fiscal 2013 represents a sign-on payment made in connection with the commencement of her employment.

(3) Values expressed represent the aggregate grant date fair value of stock or option awards granted in each fiscal year, as computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date. See Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015 for a description of the assumptions used in calculating these amounts.

The grant date fair values for stock awards for the fiscal year ended June 30, 2015 include:

- Performance units that were granted in August 2014: Mr. Hanrahan—$899,997; Mr. Spiegel—$160,000; Mr. Bakken—$160,000; Mr. Lain—$139,994; and Ms. Passe —$160,000. The grant date fair values of these awards assumed that the target level achievement would be attained. If the grant date fair values had been calculated assuming the maximum level of achievement, the grant date fair values would have been: Mr. Hanrahan—$1,799,994; Mr. Spiegel—$320,000; Mr. Bakken—$320,000; Mr. Lain—$279,988; and Ms. Passe —$320,000.

- A special one-time grant of restricted stock units and stock appreciation rights grant made to Mr. Hanrahan in January 2015 valued at $2,999,996 and $1,999,981, respectively; these awards cliff vest five years after grant and the stock appreciation rights expire seven years after grant.

The grant date fair values for stock awards for the fiscal year ended June 30, 2014 include:

- Performance units that were granted, but were not earned and thus were forfeited, in the following amounts: Mr. Hanrahan—$889,997; Mr. Spiegel—$159,993; Mr. Bakken—$159,993; Mr. Lain—$76,260; and Ms. Passe —$159,993. The grant date fair values of these awards assumed that the target level achievement would be attained.

- Special performance units that were granted in recognition of turnaround objectives achieved during fiscal 2013 and granted in August 2013, in the following amounts: Mr. Hanrahan—$781,142; Mr. Spiegel—$79,042; Mr. Bakken—$306,842; and Ms. Passe—$198,718. The awards will cliff vest, if at all, at the end of the three-year performance period ending June 30, 2016 based on achievement of adjusted EBITDA objectives for that period. We do not currently expect any of these awards to be earned. The grant date fair values of these awards assumed that the target level of achievement would be attained, which was the maximum that could be earned for these awards.

The grant date fair values for stock awards for the fiscal year ended June 30, 2013 include:

- A special one-time restricted stock grant made to Mr. Hanrahan valued at $2,126,297, cliff vesting five years after grant, which he received upon joining the Company.

- Performance units that were granted, but were not earned and thus were forfeited, in the following amounts: Mr. Hanrahan—$919,000; Mr. Spiegel—$93,206; Mr. Bakken—$136,012; and Ms. Passe—$81,791. The grant date fair values of these awards assumed that the target level achievement would be attained.

(4) Amounts represent the change in the present value of benefits under the pension plans.

(5) The following table sets forth All Other Compensation amounts by type:

Name	Deferred Compensation Company Match and Profit-Sharing Contribution ($)(a)	Dividends and Dividend Equivalents on Stock and Option Awards ($)	Insurance Premiums ($)	Travel Expenses ($)(b)	Total All Other Compensation ($)(c)
Daniel J. Hanrahan	25,000	—	—	—	46,746
Steven M. Spiegel	25,000	—	23,246	29,391	95,856
Eric A. Bakken	25,438	—	52,496	—	94,781
Jim B. Lain	—	—	—	—	22,051
Heather L. Passe	25,000	—	—	—	35,188

(a) The Company matches deferred compensation contributions up to $25,000 per calendar year.

(b) Mr. Spiegel is entitled to travel expenses for commuting from Chicago to Minneapolis pursuant to his employment agreement.

(c) Total All Other Compensation for Mr. Hanrahan, Mr. Spiegel, Mr. Bakken, Mr. Lain, and Ms. Passe also includes $21,746, $18,219, $16,847, $22,051, and $10,188 of perquisites, respectively, which primarily relate to medical benefits, including the reimbursement of co-pay and other out-of-pocket expenses.

(6) Mr. Hanrahan was appointed Chief Executive Officer effective August 6, 2012.

(7) Mr. Spiegel was appointed Executive Vice President and Chief Financial Officer effective December 3, 2012.

(8) Mr. Bakken was appointed Chief Administrative Officer effective April 29, 2013, and he also served as interim principal executive officer from July 1, 2012 until August 6, 2012.

(9) The pension value for Mr. Bakken decreased by $5,743.

(10) Mr. Lain commenced employment on November 11, 2013.

(11) Ms. Passe commenced employment on July 23, 2012.

GRANTS OF PLAN-BASED AWARDS IN 2015

The following table sets forth certain information concerning plan-based awards granted to the Named Executive Officers during the fiscal year ended June 30, 2015. No options were repriced or materially modified during the fiscal year.

			Estimated Possible Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Possible Payouts Under Equity Incentive Plan Awards(2)						
Name	Grant Date	Approval Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)(3)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units(#)(2)	All Other Option Awards: Number of Securities Underlying Options(#) (2)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock & Option Awards ($)(3)
Daniel J. Hanrahan			531,250	1,062,500	2,125,000							
	8/29/2014	8/18/2014				29,782 (4)	59,563 (4)	119,126 (4)				899,997
	8/29/2014	8/18/2014							29,781			449,991
	1/13/2015	1/13/2015							176,263 (6)			2,999,996
	8/29/2014	8/18/2014								134,529	15.11	899,999
	1/13/2015	1/13/2015								60,537 (7)	17.02	399,994
	1/13/2015	1/13/2015								65,755 (7)	18.72	399,996
	1/13/2015	1/13/2015								71,828 (7)	20.59	399,995
	1/13/2015	1/13/2015								78,864 (7)	22.64	399,996
	1/13/2015	1/13/2015								86,986 (7)	24.85	400,000
Steven M. Spiegel			100,000	200,000	400,000							
	8/29/2014	8/18/2014				5,295 (4)	10,589 (4)	21,178 (4)				160,000
	8/29/2014	8/18/2014							5,294			79,992
	8/29/2014	8/18/2014							5,294 (5)			79,992
	8/29/2014	8/18/2014								23,916	15.11	159,998
Eric A. Bakken			112,500	225,000	450,000							
	8/29/2014	8/18/2014				5,295 (4)	10,589 (4)	21,178 (4)				160,000
	8/29/2014	8/18/2014							5,294			79,992
	8/29/2014	8/18/2014							5,294 (5)			79,992
	8/29/2014	8/18/2014								23,916	15.11	159,998
Jim B. Lain			100,000	200,000	400,000							
	8/29/2014	8/18/2014				4,633 (4)	9,265 (4)	18,530 (4)				139,994
	8/29/2014	8/18/2014							4,632			69,990
	8/29/2014	8/18/2014							3,970 (5)			59,987
	8/29/2014	8/18/2014								20,926	15.11	139,995
Heather L. Passe			90,000	180,000	360,000							
	8/29/2014	8/18/2014				5,295 (4)	10,589 (4)	21,178 (4)				160,000
	8/29/2014	8/18/2014							5,294			79,992
	8/29/2014	8/18/2014							5,294 (5)			79,992
	8/29/2014	8/18/2014								23,916	15.11	159,998

(1) These amounts represent the potential target bonus amounts that were available to our executives for fiscal 2015 under the Short Term Plan as described under "Annual Incentive Decisions for Fiscal 2015" in the CD&A section of this Proxy Statement.

(2) The option and stock awards were granted under the Long Term Plan.

(3) Amounts are computed in accordance with FASB ASC Topic 718.

(4) These amounts represent the threshold, target and maximum number of performance units that were available to our executives with respect to the fiscal 2015 performance unit award for the performance period ended June 30, 2015 as described under "*Long Term Incentive Decisions for Fiscal 2015*" in the CD&A section of this Proxy Statement.

(5) These amounts represent the special restricted stock units that were granted in recognition of turnaround objectives achieved during fiscal 2014 and granted in August 2014.

(6) This amount represents the restricted stock units that were granted in January 2015 to Mr. Hanrahan. See "*Special Awards to Mr. Hanrahan in January 2015*" in the CD&A section of this Proxy Statement.

(7) This amount represents the stock appreciation rights that were granted in January 2015 to Mr. Hanrahan. See "*Special Awards to Mr. Hanrahan in January 2015*" in the CD&A section of this Proxy Statement.

Summary of Terms of Equity Awards

The terms of the equity awards granted as part of the long-term incentives for fiscal 2015 are summarized below:

- Performance Units—The performance units are subject to both performance-based vesting and time-based vesting, described above in the CD&A under "—*Long-Term Incentive Decisions for Fiscal 2015.*" In the event of a termination of employment, unvested performance units are generally forfeited; provided, however, that a pro-rated amount of the performance units will pay out at the target level upon a participant's death or disability and a pro-rated amount of the performance units will pay out based on actual performance at the end of the performance period upon a participant's retirement, which is defined to mean termination at age 62 or after age 55 with 15 years or more of continuous service. Similarly, in the event of a change in control, a pro-rated amount of the performance units will pay out at the target level. The performance units earn dividend equivalents, but have no voting rights.

- SARs—The SARs vest as to one-third of the shares on each of the first three anniversaries of the date of grant and settle in the form of shares of common stock. In the event of a termination of employment, unvested SARs are generally forfeited; provided, however, that vesting is accelerated in the event of death, disability, retirement (defined as described above for performance units) and a change in control. The participant or his or her successor has one year to exercise the SARs in the event of death or disability and 90 days in the event of retirement or other termination of employment without cause. The SARs do not have any voting or dividend rights until the shares are vested and exercised.

- Restricted Stock Units—The restricted stock units vest as to one-third of the shares on each of the first three anniversaries of the date of grant. In the event of a termination of employment, unvested restricted stock units are generally forfeited; provided, however, that the vesting is accelerated in the event of death, disability or a change in control and a pro-rated amount of the units will vest in the event of retirement (defined as described above for performance units). The restricted stock units earn dividend equivalents, but have no voting rights.

The special retention stock appreciation rights and RSUs granted to Mr. Hanrahan in January 2015 cliff vest after five years, and SARs have a seven-year term. See discussion in CD&A, "*Special Awards to Mr. Hanrahan in January 2015*".

The terms of the special retention restricted stock unit grants in August 2014 are the same as those described above, other than the fact that the special retention RSUs cliff vest after three years.

OUTSTANDING EQUITY AWARDS AT 2015 FISCAL YEAR-END

The following table sets forth certain information concerning outstanding equity awards held by the Named Executive Officers at June 30, 2015.

	Option Awards				Stock Awards(1)			
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price($)	Option Expiration Date(2)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(3)	Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Other Rights That Have Not Vested ($)(3)
Daniel J. Hanrahan...........	100,000	50,000 (4)	18.01	8/31/2022				
	49,833	99,668 (5)	15.78	8/30/2023				
	—	134,529 (6)	15.11	8/29/2024				
	—	60,537 (7)	17.02	1/13/2022				
	—	65,755 (7)	18.72	1/13/2022				
	—	71,828 (7)	20.59	1/13/2022				
	—	78,864 (7)	22.64	1/13/2022				
	—	86,986 (7)	24.85	1/13/2022	8,512 (4)	134,151		
					120,585 (8)	1,900,419		
					19,161 (5)	301,980		
					29,781 (6)	469,349		
					176,263 (7)	2,777,905		
							20,427 (9)	321,936
							24,945 (10)	393,137
							119,126 (11)	1,877,426
Steven M. Spiegel............	10,322	5,160 (12)	16.45	12/3/2022				
	8,859	17,719 (5)	15.78	8/30/2023				
	—	23,916 (6)	15.11	8/29/2024	959 (12)	15,108		
					24,667 (13)	388,758		
					3,407 (5)	53,687		
					5,294 (6)	83,433		
					5,294 (14)	83,433		
							2,524 (10)	39,781
							21,178 (11)	333,765
Eric A. Bakken.................	2,500	—	35.33	4/27/2016				
	3,200	—	39.04	4/26/2017				
	3,200	—	28.57	4/24/2018				
	15,500	—	19.14	4/30/2019				
	4,200	—	18.90	4/29/2020				
	3,360	840 (15)	16.60	4/28/2021				
	14,833	7,417 (4)	18.01	8/31/2022				
	8,859	17,719 (5)	15.78	8/30/2023				
	—	23,916 (6)	15.11	8/29/2024				
					1,541 (15)	24,289		
					1,260 (4)	19,863		
					3,873 (16)	61,039		
					3,407 (5)	53,687		
					5,294 (6)	83,433		
					5,294 (14)	83,433		
							9,799 (10)	154,429
							21,178 (11)	333,765
Jim B. Lain.......................	—	8,692 (17)	15.50	11/11/2023				
	—	20,926 (6)	15.11	8/29/2024				
					1,641 (17)	25,862		

	Option Awards					Stock Awards(1)					
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**		**Option Exercise Price($)**	**Option Expiration Date(2)**	**Number of Shares or Units of Stock That Have Not Vested (#)**		**Market Value of Shares or Units of Stock That Have Not Vested ($)(3)**	**Equity Incentive Plan Awards: Number of Unearned Shares or Other Rights That Have Not Vested (#)**		**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares or Other Rights That Have Not Vested ($)(3)**
						36,129	(18)	569,393			
						4,632	(6)	73,000			
						3,970	(14)	62,567			
									18,530	(11)	292,033
Heather L. Passe..............	8,883	4,442	(4)	18.01	8/31/2022						
	8,859	17,719	(5)	15.78	8/30/2023						
	—	23,916	(6)	15.11	8/29/2024						
						758	(4)	11,944			
						3,407	(5)	53,687			
						5,294	(6)	83,433			
						5,294	(14)	83,433			
									6,346	(10)	100,012
									21,178	(11)	333,765

(1) Stock award numbers include accrued dividend equivalents where applicable.

(2) All awards of stock options and SARs expire ten years after the date of grant, except the SARs granted in January 2015 to Mr. Hanrahan expire seven years after the date of the grant.

(3) Value based on a share price of $15.76, which was the last reported sale price for a share of our common stock on the NYSE on June 30, 2015.

(4) Award vests as to 33% of the shares covered by the award on each of the first three anniversaries of the date of grant, which was August 31, 2012.

(5) Award vests as to 33% of the shares covered by the award on each of the first three anniversaries of the date of grant, which was August 30, 2013.

(6) Award vests as to 33% of the shares covered by the award on each of the first three anniversaries of the date of grant, which was August 29, 2014.

(7) Award vests in full on January 13, 2020.

(8) Award vests in full on August 31, 2017.

(9) Award vests in full if the closing price of our common stock (as reported on the NYSE) equals or exceeds $35.00 for any consecutive 20-day period until August 6, 2017. The restricted stock units terminate if they do not vest prior to August 6, 2017.

(10) Amounts presented represent the threshold number of shares that may be earned with respect to the performance units granted on August 30, 2013 with a performance period ending June 30, 2016. The maximum number of shares that may be earned under the award is as follows: Mr. Hanrahan—49,890; Mr. Spiegel—5,048; Mr. Bakken—19,598; and Ms. Passe—12,692. These awards are not expected to be earned due to financial performance that was below the thresholds set at the beginning of fiscal 2014.

(11) Amounts presented represent the maximum number of shares that may be earned with respect to the performance units granted on August 29, 2014 with a performance period ended June 30, 2015. The actual number of shares earned under the award, based on the actual level of achievement of the performance conditions, is as follows: Mr. Hanrahan—98,440; Mr. Spiegel—17,500; Mr. Bakken—17,500; Mr. Lain—15,312 and Ms. Passe—17,500. These units will cliff vest on August 29, 2017.

(12) Award vests as to 33% of the shares covered by the award on each of the first three anniversaries of the date of grant, which was December 3, 2012.

(13) Award vests in full on December 3, 2017.

(14) Award vests in full on August 29, 2017.

(15) Award vests as to 20% of the shares covered by the award on each of the first five anniversaries of the date of grant, which was April 28, 2011.

(16) Award vests as to 30% of the shares covered by the award on each of the first two anniversaries of the date of grant, which is August 31, 2012, and 20% of the shares covered by the award on each of the third and fourth anniversaries of the date of grant.

(17) Award vests as to 33% of the shares covered by the award on each of the first three anniversaries of the date of grant, which was November 11, 2013.

(18) Award vests in full on November 11, 2018.

2015 OPTION EXERCISES AND STOCK VESTED

The following table sets forth certain information concerning options and SARs exercised and stock vested during fiscal 2015 for the Named Executive Officers:

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)(2)	Value Realized on Exercise ($)(1)	Number of Shares Acquired on Vesting (#)(2)	Value Realized on Vesting ($)
Daniel J. Hanrahan	—	—	18,091	277,330
Steven M. Spiegel	—	—	2,660	41,839
Eric A. Bakken	—	—	8,964	141,507
Jim B. Lain	4,346	7,975	819	14,210
Heather L. Passe	—	—	2,460	37,713

(1) Value realized on exercise is calculated as difference between the market value of Regis Corporation common stock on the respective exercise date(s) and the exercise price of the option(s) on a pre-tax basis.
(2) The number of shares acquired on exercise or vesting of stock awards includes shares that were forfeited for withholding tax obligations. The number of shares forfeited for each Named Executive Officer is reported below:

Name	Number of Shares Used to Pay Taxes on Exercised or Vested Awards (#)
Daniel J. Hanrahan	6,369
Steven M. Spiegel	862
Eric A. Bakken	3,221
Jim B. Lain	1,818
Heather L. Passe	867

Summary of Executive Agreements

Employment Agreements

We are party to an employment agreement with each of our NEOs. The key provisions of the employment agreements are summarized below.

Name	Date of Employment Agreement	Base Salary as of June 30, 2015 ($)	FY15 Annual Incentive Award (% of Base Salary)
Daniel J. Hanrahan	8/31/2012 amended 1/13/2015	850,000	125
Steven M. Spiegel	11/28/2012	400,000	50
Eric A. Bakken	8/31/2012	450,000	50
Jim B. Lain	11/11/2013	400,000	50
Heather L. Passe	8/31/2012	360,000	50

Ongoing Compensation

- Base Salary—Each NEO receives an annual base salary in the amount set forth above. The base salary amounts are reviewed annually by the Compensation Committee and subject to adjustment.

- Bonus—Each NEO is eligible for an annual incentive award. The annual incentive award is set as a percentage of the NEO's then-current base salary for achievement of target performance, but the actual payout may be less than or greater than such amount for actual performance that is less than or greater than target, respectively.

- Long-Term Incentives—Each NEO is entitled to participate in the Company's long-term equity incentive program on the same basis as the Company's other executive officers, with the value of the awards being set annually by the Compensation Committee.

- Life Insurance and Other Benefits—During the term of their employment, each NEO is entitled to life insurance and health and welfare benefits offered to other headquarters employees.

- Termination of Employment Payments, Benefits and Other Obligations—The following section separately addresses benefits provided to the NEOs upon death or disability, termination without Cause or for Good Reason, termination for Cause or without Good Reason and termination after a Change in Control.

  - *Death or Disability*. Each NEO is entitled to his or her accrued compensation and obligations, including a pro rata bonus for the year of termination. Pursuant to standard provisions for such awards, the NEOs will receive full vesting of any unvested stock option, restricted stock/restricted stock units and other incentive awards.

  - *Dismissal without Cause or Resignation for Good Reason (Prior to or More than Twenty-Four Months Following a Change in Control)*. If an NEO is terminated without Cause or if he or she terminates for Good Reason, the NEO will receive an amount equal to one times his or her annual base salary (two times for Mr. Hanrahan) plus a prorated portion of any bonus he or she would have earned for the year of termination (based on actual performance), plus 12 months (18 months in the case of Mr. Hanrahan) of benefits continuation coverage.

  - *Dismissal without Cause or Resignation for Good Reason in Connection with a Change in Control*. If Mr. Hanrahan, Mr. Spiegel, Mr. Bakken or Mr. Lain's employment is terminated without Cause or if he terminates for Good Reason within 24 months following a change of control, then he will instead receive an amount equal to two times base salary plus two times the target annual bonus for the year of termination, as well as 18 months of benefits continuation payments, subject to reduction pursuant to the "best of net" provisions in the employment agreements for Messrs. Hanrahan, Spiegel and Bakken. For Ms. Passe, the severance amount is the same as for any dismissal without Cause.

  - *Dismissal for Cause or Resignation without Good Reason*. The NEOs are entitled to accrued compensation and obligations where dismissal is for Cause. Severance benefits are not payable in the event of a termination of employment for Cause.

- Provision for Offset of Severance—The severance payments will be paid over the course of the severance period and offset by any compensation an NEO receives from other employment during the severance period.

The severance payments are also contingent upon signing and not rescinding a release and complying with certain non-competition and non-solicitation provisions.

- Restrictive Covenants—The NEOs are subject to restrictive covenants prohibiting the disclosure or use of confidential information, along with two-year covenants regarding non-competition and non-solicitation of employees. Our remedies for violation of restrictive covenants include injunctive relief and forfeiture of severance benefits.

- Mandatory Arbitration—Disputes arising under the Employment Agreements are to be resolved by binding arbitration.

Guaranteed Bonuses, Sign-On Incentives and Relocation Benefits

Many of our NEOs joined our company during fiscal 2013 and fiscal 2014. In connection with their hire, we agreed to certain guaranteed bonuses, sign-on incentives and relocation benefits that are not part of their ongoing compensation to incentivize them to leave their former employers and join our company.

- Guaranteed Bonuses—Mr. Hanrahan was guaranteed a bonus payout equal to 125% of his base salary (i.e., $1,062,500) for the Company's fiscal year ended June 30, 2013, his first year of employment. Mr. Spiegel was guaranteed a bonus payout equal to 50% of his base salary for the Company's fiscal year ended June 30, 2013, prorated for the portion of the fiscal year from December 1, 2012 through June 30, 2013 (i.e., $116,667), his first year of employment.

- Sign-On Incentives—In addition to participation in the Company's long-term equity incentive program, some of our NEOs received special bonus or equity awards upon their commencement of employment:

    - Mr. Hanrahan received two special equity awards. The first grant consists of 118,062 shares of restricted stock that will vest in full at the end of five years, provided he is still employed with the Company on such date. The second grant consists of 20,000 restricted stock units that will vest if the Company's stock trades at or above $35 for 20 consecutive trading days at some time during the five-year period beginning with his commencement of employment.

    - Mr. Spiegel received a special equity award of restricted stock units having a value equal to $400,000 that will vest in full at the end of five years, provided he is still employed with the Company on such date.

    - Mr. Lain received a sign-on bonus equal to $130,000, which must be repaid to our company if he terminates employment under certain circumstances, such as termination without Good Reason within three years of his start date, and a special equity award of restricted stock units having a value equal to $560,000, which will vest in full at the end of five years, provided he is still employed with the Company on such date.

    - Ms. Passe received a sign-on bonus of $100,000.

- Other Inducement Terms— For the year ended June 30, 2014, Mr. Lain was entitled, under his employment agreement, to receive a long-term incentive award valued at target at $300,000, prorated for the portion of the year he was employed.

- Commuting Expenses—During his period of employment and continuing until the earlier of (i) July 1, 2016 or (ii) such time as Mr. Spiegel moves his permanent residence from the Chicago, Illinois area to the Minneapolis/St. Paul, Minnesota metropolitan area, Mr. Spiegel is entitled to be reimbursed for one round-trip airline ticket from Chicago, Illinois to Minneapolis, Minnesota for each week that such travel is completed during this period. Mr. Spiegel was reimbursed $29,391 for his commuting expenses in fiscal 2015.

- Relocation Expenses—In connection with Mr. Hanrahan's appointment as Chief Executive Officer, Mr. Spiegel's appointment as Chief Financial Officer and Mr. Lain's appointment as Chief Operating Officer, they were entitled to reimbursement of certain relocation expenses. Mr. Hanrahan relocated from Miami, Florida in fiscal 2013. Mr. Spiegel will be entitled to these relocation benefits when he moves from the

Chicago, Illinois area. Mr. Lain relocated from Chicago, Illinois in fiscal 2014. The relocation benefits include reimbursement of: (i) the reasonable costs of moving household goods and personal effects to the Minneapolis/St. Paul, Minnesota metropolitan area by one or more agreed-upon vendors; (ii) the reasonable cost for temporary housing for the NEO and his immediate family for up to six months; and (iii) the actual costs of real estate brokerage and related fees and closing costs in connection with the sale of his primary residence. The total amount of relocation expenses payable with respect to Mr. Spiegel's relocation is capped at $75,000. In addition to the expense reimbursements described above, Mr. Hanrahan was entitled to receive an amount equal to one-half of any loss on the sale of his primary residence in Miami, Florida (provided that the total amount payable with respect to the loss (if any) on the sale of Mr. Hanrahan's primary residence was capped at $100,000). Mr. Hanrahan was reimbursed $174,555 for relocation expenses in fiscal 2013 and $9,992 in fiscal 2014. In addition to the expense reimbursements described above, Mr. Lain was entitled to two house-hunting trips. Mr. Lain was reimbursed a total of $9,117 for his relocation expenses, which amount was reimbursed in fiscal 2014.

Historical Retirement and Life Insurance Benefits

- <u>Retirement Benefits</u>—Pursuant to certain grandfathered provisions of his employment agreement, upon retirement (at or after age 65), Mr. Bakken is entitled to receive a lump sum cash payment equal to the present value of a hypothetical annuity of monthly payments which are equal to the greater of $5,000 or 40% of his respective five-year average monthly compensation for the five-year period ending June 30, 2012 (i.e., July 1, 2007 through June 30, 2012), excluding bonuses (subject to a 20-year vesting schedule), to be paid for 240 months. Mr. Bakken's agreement provides he will be entitled to the fully vested benefit if his employment is terminated without Cause or if he terminates for Good Reason at any time, and his agreement provides he will be entitled to the fully vested benefit if his employment terminates for any reason other than for Cause within two years of a Change in Control. Additionally, upon any termination following a Change in Control (except for Cause), he receives (i) the same retirement benefits described below, except that the lump-sum is equal to the sum of the payments due, determined as if he is fully vested, and (ii) a lump sum payment of any unpaid amounts described below under "Life Insurance."

  Under this arrangement, an executive officer has the option to elect to receive his or her retirement benefit in the form of the 240 monthly payments rather than the lump sum, provided that such election is made in accordance with the requirements described in his or her employment agreement and consistent with Code Section 409A. In addition to the possibility for reduction based on: (i) the vesting schedule, and/or (ii) the present value discount for a lump sum payment, an executive's retirement benefit is subject to further discount if paid prior to age 65 (an "Early Retirement"). If payment is made in connection with an Early Retirement, the hypothetical annuity of 240 monthly payments is discounted by first calculating the benefit as an annuity starting at age 65, and then converting it to an immediate commencement annuity using the yield to maturity of 30-year U.S. Treasury Notes as of June 30, 2012 (2.76%).

  If an executive officer dies before receiving full payment of his or her retirement benefit, payment will be made in a lump sum or monthly payments will continue, as applicable, to his or her designated beneficiary (or his or her estate). If an executive officer becomes disabled, he or she will receive monthly payments beginning six months after his or her disability begins and continuing until the earlier of his or her death or attainment of age 65, or until he or she ceases to be disabled, in an amount equal to his or her monthly benefit. At death or attainment of age 65, he or she (or his or her beneficiary) will receive the benefit described above under "Retirement Benefits." No retirement benefits are payable in the event of termination of employment for Cause.

  Under the amended and restated employment agreement signed by Mr. Bakken effective August 31, 2012, we froze vesting in his retirement benefits as of June 30, 2012, subject to the continued right to full acceleration in the event of termination without Cause or termination for Good Reason, as described above. As indicated, we also limited the calculation of the monthly benefit to his five-year average monthly base salary as of June 30, 2012.

- <u>Life Insurance</u>—We agreed to pay premiums for a total of ten years on the existing policies insuring the lives of certain of our executive officers who were entitled to such benefits and were employed by the Company as of June 30, 2012. As of June 30, 2015, we have made all of the payments that we had agreed to pay on Mr. Bakken's policies. As of June 30, 2015, the aggregate face amount of Mr. Bakken's policies is approximately $3.2 million.

Definitions under Executive Agreements

Certain of the terms used in the executive agreements as in effect during fiscal 2015 are defined below:

- Cause—Acts resulting in a felony conviction that is materially detrimental to the financial interests of the Company; willful nonperformance by the executive of his material employment duties (other than by reason of physical or mental incapacity) after reasonable notice to the executive and reasonable opportunity (not less than 30 days) to cease such non-performance; or willful engagement in fraud or gross misconduct that is materially detrimental to the financial interests of the Company.

- Change in Control—A person is or becomes the beneficial owner of 20% or more of the outstanding common stock or outstanding voting securities of the Company; consummation of a merger or consolidation of the Company, a statutory share exchange or an acquisition of all or substantially all of the Company's assets unless the beneficial owners of the Company's outstanding voting securities immediately prior to the transaction beneficially own more than 50% of the voting power of the outstanding voting securities of the surviving entity in substantially the same proportions; or the incumbent directors cease to constitute at least a majority of the Board. Furthermore, in August 2014, the Board adopted an amendment providing that a Change in Control does not occur if a person becomes the beneficial owner of 20% or more of the outstanding common stock or outstanding voting securities of the Company solely as the result of a change in the aggregate number of shares of outstanding common stock or outstanding voting securities since the last date on which such person acquired beneficial ownership of any shares of common stock or voting securities.

- Good Reason—Assignment to the executive of duties inconsistent with his status or any adverse alteration in the executive's reporting responsibilities, titles or offices; a material reduction of the executive's base salary; failure by the Company to continue any compensation plan, bonus or incentive plan; material breach of the agreement by the Company; requirement that the executive's principal place of employment be relocated by more than 30 miles from the Company's current address; or the Company's failure to obtain an agreement from any successor entity to assume the Company's obligations under the agreement.

- Disability—Physical or mental disability or health impairment that prevents the effective performance by the executive of his duties on a full time basis.

Retirement Plans and Arrangements

Historically, we have provided the Named Executive Officers with participation in a nonqualified supplemental retirement benefit and the Executive Retirement Savings Plan.

Nonqualified Supplemental Retirement Benefit: Prior to fiscal 2013, we offered senior executives a nonqualified supplemental executive retirement benefit that is funded through key personal life insurance policies. The retirement benefit is included within the terms of an executive's employment agreement with the Company and provides for a lump sum payment upon retirement in an amount equal to the present value of a hypothetical annuity of 240 monthly payments which are equal to the executive's vested percentage multiplied by the greater of (i) 40% of the executive's average monthly compensation for the 60-month period preceding June 30, 2012 and (ii) $5,000. The present value of the annuity is determined using an interest rate equal to the yield to maturity of 30-year U.S. Treasury Notes as of June 30, 2012 (2.76%). An executive's vested percentage is determined under a 20-year vesting schedule based on the executive's completed years of service, with vesting commencing at 5% after seven years of service and the executive becoming fully vested after 20 years of service.

Under their employment agreements, executives had the option to elect to receive their retirement benefit in the form of an annuity (i.e., the 240 monthly payments) rather than the lump sum, provided that such election be made in accordance with the requirements described in their employment agreement. With regard to the employment agreements with a supplemental retirement benefit, all of the executives who have such an agreement have elected to receive their benefit in the form of a lump sum.

In addition to the possibility for reduction based on: (i) the vesting schedule, and/or (ii) the present value discount for a lump sum payment, an executive's retirement benefit is subject to further discount if paid prior to age 65 (an "Early Retirement"). If payment is made in connection with an Early Retirement, the hypothetical annuity of 240 monthly payments is discounted by first calculating the benefit as an annuity starting at age 65, and then converting it to an immediate commencement annuity using the yield to maturity of 30-year U.S. Treasury Notes as of June 30, 2012 (2.76%). Subject to timing requirements as set forth in the executive's employment agreement, executives have the option to elect, at least 12 months prior to their Early Retirement, to defer receipt of their retirement benefit, and therefore to receive a larger benefit.

The nonqualified supplemental retirement benefit was designed to recognize long-term service with Regis and as a retention tool through the vesting schedule and discounting provisions. The nonqualified supplemental retirement benefit is forfeited upon an executive's termination for Cause (as defined in the executive's employment agreement). For Mr. Bakken, any termination of his employment without Cause or for Good Reason (each as defined in the executive's employment agreement) will result in the executive becoming fully vested in the entire benefit.

Effective June 30, 2012, we froze the supplemental retirement benefit. Executives who were not vested in any portion of their retirement benefit on such date will never vest in that benefit. In addition, executives with vested benefits had their benefits frozen such that they will not be entitled to further vesting credit for continued employment and the calculation of the benefit payable will be based on the 60-month period preceding June 30, 2012 (as opposed to the 60-month period preceding the date of termination). We also froze the interest rate used to calculate the present value of the annuity at the yield to maturity of 30-year U.S. Treasury Notes at June 30, 2012. Any new executives employed on or after June 30, 2012 do not receive this benefit. Of our NEOs, only Mr. Bakken is eligible for this benefit.

Executive Retirement Savings Plan: NEOs are eligible to defer some or all of their annual salary and/or annual non-equity incentive compensation (i.e., bonus) into our Executive Retirement Savings Plan, a nonqualified deferred compensation plan. Executives may defer up to 100% of their annual compensation, including bonus. Elections to defer compensation under the Executive Retirement Savings Plan are made annually, prior to the beginning of the year in which the deferred compensation is earned. Beginning with elections made in fiscal 2016, in-service distributions must be deferred for a minimum of two years.

Employer contributions under the Executive Retirement Savings Plan for our Named Executive Officers include a 25% match on up to a maximum of $100,000 in deferred compensation and a discretionary annual profit sharing contribution (on a calendar-year basis). Beginning in fiscal 2016, the employer match vests pro-rata over five years, subject to continued employment; an employee is fully vested in both previous and prospective matching contributions after five years of employment. We deposit the deferred amounts and employer contributions into a trust for the benefit of plan participants. In accordance with tax laws, the assets of the trust are subject to claims of the Company's creditors. Participant account balances are deemed invested as the executive directs, from time to time, among the investment alternatives offered. Subject to compliance with applicable tax requirements (including, without limitation, Code Section 409A), executives may elect the distribution date for salary and bonus deferrals. However, employer profit sharing contributions are distributed only upon termination of employment.

PENSION BENEFITS IN 2015

The following table sets forth certain information concerning pension benefits for the Named Executive Officers for fiscal 2015:

Name(1)	Age at June 30, 2015	Plan Name(2)	Number of Years of Credited Service (#)(3)	Present Value of Accumulated Benefit ($)(4)	Payments During Last Fiscal Year ($)
Eric A. Bakken	48	Employment Agreement	21.5	865,162	—

(1) Messrs. Hanrahan, Spiegel and Lain and Ms. Passe do not participate in the Company's pension benefits program as it was frozen prior to the commencement of their employment.

(2) Retirement benefits provided under the applicable employment agreement for each Named Executive Officer are described above under "Summary of Executive Agreements."

(3) The number of years of credited service shown for Mr. Bakken represents his actual years of service; however, for purposes of determining the value of their accumulated benefit, his years of credited service was frozen at 18.5 as described above.

(4) The present value of pension benefits for Mr. Bakken is calculated based on the following assumptions: (i) freezing of the pension benefits as described above under "Summary of Executive Agreements—*Retirement Plans and Arrangements*," (ii) expected retirement age of the later of (A) June 30, 2015 or (B) age 65, which is the earliest time a participant may retire without any benefit reduction due to age, and (iii) discount rate of 3.75%.

NONQUALIFIED DEFERRED COMPENSATION FOR 2015

The following table sets forth certain information concerning nonqualified deferred compensation under our Executive Retirement Savings Plan for the NEOs for fiscal 2015:

Name	Executive Contributions in Last FY ($)(2)	Registrant Contributions in Last FY ($)(1)(2)	Aggregate Earnings in Last FY ($)(2)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Daniel J. Hanrahan	100,000	25,000	11,123	—	328,223
Steven M. Spiegel	100,000	25,000	(51)	(124,909)	58,334
Eric A. Bakken	101,604	25,401	3,520	(128,895)	195,883
Jim B. Lain	—	—	—	—	—
Heather L. Passe	111,600	25,000	(644)	(139,278)	69,865

(1) The Company matches deferred compensation contributions up to $25,000 per calendar year.

(2) The following amounts of contributions and earnings reflected in the table above have been reported in the current year or prior years' Summary Compensation Tables as follows:

Name	Total Amount Reported in Current or Prior Summary Compensation Tables ($)	Current Year Summary Compensation Table			
		Salary ($)	Non-Equity Incentive Plan ($)	Above-Market Earnings ($)	Company Match and Profit-Sharing Contribution in All Other Compensation ($)
Daniel J. Hanrahan	464,346	100,000	—	—	25,000
Steven M. Spiegel	58,374	100,000	—	—	25,000
Eric A. Bakken	197,513	101,604	—	—	25,401
Jim B. Lain	—	—	—	—	—
Heather L. Passe	66,543	111,600	—	—	25,000

The measurement funds available under the Executive Retirement Savings Plan include the Company's common stock and selected mutual funds, which are the same measurement funds available for employees generally with respect to investment of their funds in the Company's qualified 401(k) plan. Participants in the plan may change their investments in the various measurement funds at any time.

Potential Payments Upon Termination or Change in Control

The tables that follow describe potential payments and benefits provided to our NEOs or their beneficiaries under the employment agreements, plans and arrangements in existence at June 30, 2015 under various scenarios involving a termination of employment and/or a change in control, and assuming that the termination or change in control event(s) occurred on June 30, 2015. The agreements are described in more detail above under "Summary of Executive Agreements." The following presentation has been keyed to the following events upon which an NEO or their beneficiaries would be entitled to a payment or benefit:

- Voluntary termination or involuntary termination not related to a change in control;
- Termination due to death;
- Termination due to disability;
- A change in control not involving an employment termination; and
- Involuntary termination within twenty-four months after a change in control.

Unless otherwise specified, an “involuntary termination” for these purposes includes a termination by the NEO for “Good Reason,” but does not include a termination for “Cause.” A “voluntary termination” refers to a termination by the NEO other than for “Good Reason.” “Cause” and “Good Reason” for these purposes have the meanings described above under “Definitions under Executive Agreements.”

		Not Related to Change in Control				After a Change in Control	
Name	**Type of Payment or Benefit**	**Voluntary Termination ($)**	**Involuntary Termination($) (1)**	**Death($)**	**Disability ($)**	**Not Involving a Termination of Employment($)**	**Involuntary Termination ($)(2)**
Daniel J. Hanrahan	Severance	—	$ 3,455,994	—	—	—	$ 3,825,000
	Medical and Dental Insurance Benefits(3)	—	$ 27,655	—	—	—	$ 27,655
	Accelerated Vesting of Equity(4)	—	5,000,254	$8,068,038	$8,068,038	$ 8,068,038	$ 8,068,038
	Total	**—**	**$ 8,483,903**	**$8,068,038**	**$8,068,038**	**$ 8,068,038**	**$ 11,920,693**
Steven M. Spiegel	Severance	—	$ 730,540	—	—	—	$ 1,200,000
	Medical and Dental Insurance Benefits(3)	—	$ 18,437	—	—	—	$ 27,655
	Accelerated Vesting of Equity(4)	—	—	$ 968,744	$ 968,744	$ 968,744	$ 968,744
	Total	**—**	**$ 748,977**	**$ 968,744**	**$ 968,744**	**$ 968,744**	**$ 2,196,399**
Eric A. Bakken	Severance	—	$ 821,858	—	—	—	$ 1,350,000
	Medical and Dental Insurance Benefits(3)	—	$ 18,437	—	—	—	$ 27,655
	Retirement Benefits(5)	$ 1,018,329	$ 1,198,034	$1,903,176	$2,545,274		$ 1,198,034
	Accelerated Vesting of Equity(4)	—	—	$ 822,726	$ 822,726	$ 822,726	$ 822,726
	Total	**$ 1,018,329**	**$ 2,038,329**	**$2,725,902**	**$3,368,000**	**$ 822,726**	**$ 3,398,415**
Jim B. Lain	Severance	—	$ 730,540	—	—	—	$ 1,200,000
	Medical and Dental Insurance Benefits(3)	—	$ 9,860	—	—	—	$ 14,790
	Accelerated Vesting of Equity(4)	—	—	$ 988,006	$ 988,006	$ 988,006	$ 988,006
	Total	**—**	**$ 740,400**	**$ 988,006**	**$ 988,006**	**$ 988,006**	**$ 2,202,796**
Heather L. Passe	Severance	—	$ 657,486	—	—	—	$ 657,486
	Medical and Dental Insurance Benefits(3)	—	$ 18,437	—	—	—	$ 18,437
	Accelerated Vesting of Equity(4)	—	—	$ 523,860	$ 523,860	$ 523,860	$ 523,860
	Total	**—**	**$ 675,923**	**$ 523,860**	**$ 523,860**	**$ 523,860**	**$ 1,199,783**

(1) Severance amounts in the event of Involuntary Termination Not Related to Change in Control represent a cash payment equal to two times annual base salary for Mr. Hanrahan and one times annual base salary for the other NEOs, plus a prorated portion of any bonus the executive officer would have earned for the year of termination, based on actual performance.

(2) The severance amounts, in the event of an Involuntary Termination Related to a Change in Control, represent a cash payment equal to two times annual base salary plus two times the target annual bonus for the year of termination for Messrs. Hanrahan, Spiegel, Bakken and Lain. For Ms. Passe, the severance amount is the same as under an Involuntary Termination Not Related to a Change in Control.

Under Code Section 280G, executives will incur an excise tax on portions of these payments if the parachute value of payments exceeds a specified threshold. For each of Messrs. Hanrahan, Spiegel, and Bakken, in the event that this excise tax is triggered by the payments due upon an involuntary termination after a change in control, the Company will determine, pursuant to the terms of the executives' employment agreements, whether the executive is better off receiving the full payment due and paying the excise tax, or receiving a reduced payment that falls just below the excise tax threshold, which is referred to as a “best of net” provision. For these hypothetical payments as of June 30, 2015, it has been estimated that each of the aforementioned NEOs would be better off receiving the full payment due.

(3) The amount represents the estimated medical and dental insurance premiums for the applicable benefits continuation period following involuntary termination. If not related to a change in control, the continuation period is 18 months for Mr. Hanrahan and 12 months for other executive officers. If after a change in control, the period is increased to 18 months for Messrs. Spiegel, Bakken and Lain.

(4) Amounts represent the intrinsic value of stock appreciation rights (SARs), restricted stock units (RSUs), and performance unit awards (PSUs) as of June 30, 2015 for which the vesting would be accelerated. The value entered for SARs is based on the number of units for which vesting would be accelerated times the excess of $15.76, the closing price of the Company's common stock on June 30, 2015 on the NYSE, over the SAR exercise price. The value included for restricted stock units is the product of the number of units for which vesting would be accelerated and $15.76. The value included for performance units granted in August 2013 is the product of the target number of shares for which pro-rata vesting would be accelerated and $15.76. The value included for the performance units granted in August 2014 is the product of the shares earned for fiscal 2015 (i.e. based on the performance outcome for fiscal 2015) and $15.76.

(5) The amounts represent a lump sum cash payment equal to the present value of a hypothetical annuity of monthly benefits. The annuity amount and payment period vary according to the termination scenario, as described under "Summary of Executive Agreements— *Employment Agreements—Historical Retirement and Life Insurance Benefits.*"

Fiscal 2015 Director Compensation Table

Compensation of our directors is reviewed and determined by the Board on an annual basis, with consideration given to industry comparisons of directors' compensation. A portion of director compensation is linked to our stock performance in the form of equity awards. Employee directors do not receive any cash or other compensation for their services as directors. Each of the cash compensation and the equity compensation for non-employee directors who serve during only a portion of a fiscal year is prorated. Our current non-employee director compensation is as follows:

- An annual cash retainer of $70,000;
- An annual cash retainer for the chairman of the Audit Committee of $15,000;
- Annual cash retainers of $10,000 and $7,500 for the chairs of the Compensation Committee and the Nominating and Corporate Governance Committee, respectively;
- An annual grant of deferred stock units valued at $90,000, which vest monthly over a period of one year and pay out when the director leaves the Board; and
- An annual grant of deferred stock units valued at $85,000 payable to our independent Chairman of the Board, which vest monthly over a period of one year and pay out when the Chairman leaves the Board.

The following table shows, for each of the non-employee directors who served during the fiscal year ended June 30, 2015, information concerning their annual and long-term compensation earned during such fiscal year.

Name	Fees Earned or Paid in Cash($)	Stock Awards ($)(1)	Total($)
Daniel G. Beltzman	70,000	89,986	159,986
James P. Fogarty	73,333	89,986	163,319
David J. Grissen	75,000	89,986	164,986
Mark S. Light	70,000	89,986	159,986
Michael J. Merriman	79,167	89,986	169,153
Stephen E. Watson	70,000	174,975	244,975
David P. Williams	85,000	89,986	174,986

(1) Values expressed represent the aggregate grant date fair value of stock awards granted during fiscal 2015, as computed in accordance with FASB ASC Topic 718, based on the closing stock price on the grant date. See Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2015 for a description of the assumptions used in calculating these amounts.

The following table shows, for each of our non-employee directors, the aggregate number of stock and option awards outstanding as of June 30, 2015:

Name	Aggregate Stock Awards Outstanding as of 06/30/15 (#)	Aggregate Option Awards Outstanding as of 06/30/15 (#)
Daniel G. Beltzman	17,535	—
James P. Fogarty	21,891	—
David J. Grissen	11,496	—
Mark S. Light	11,496	—
Michael J. Merriman	21,891	—
Stephen E. Watson	37,903	7,000
David P. Williams	21,891	—

ADVANCES OF DEFENSE COSTS FOR CERTAIN LITIGATION MATTERS

Certain members of the Company's current Board, certain former Board members and certain former officers have been named as defendants in a lawsuit alleging breaches of fiduciary duties to the Company in connection with approval of certain executive compensation arrangements and certain related party transactions. The current and former directors and officers who have been named as defendants in this action have a legal right under the Minnesota Business Corporation Act and the Company's Restated Articles of Incorporation to advancement of their costs of defense. Accordingly, in fiscal 2015, the Company advanced defense costs on behalf of the current and former directors and officers amounting to approximately $550,000, in addition to an aggregate of approximately $1.2 million advanced in fiscal 2013 and 2014. The Company has directors and officers insurance that provided reimbursement for certain amounts advanced which exceeded the Company's $500,000 retention.

EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about our common stock that may be issued under all of our stock-based compensation plans in effect as of June 30, 2015.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans	
Equity compensation plans approved by security holders(1)	2,742,861	$ 18.22	2,988,661	(2)
Equity compensation plans not approved by security holders	—		—	
Total	2,742,861	$ 18.22	2,988,661	

(1) Includes stock options granted under the Regis Corporation 2000 Stock Option Plan as well as shares granted through stock options, SARs and restricted stock units under the Long Term Plan. Information regarding the stock-based compensation plans is included in Notes 1 and 12 to the consolidated financial statements included in the Company's Annual Report on Form 10-K for the year ended June 30, 2015.

(2) The Company's Long Term Plan provides for the issuance of a maximum of 6,750,000 shares of the Company's Common Stock through stock options, SARs, restricted stock, or restricted stock units. As of June 30, 2015, 132,706 unvested restricted stock shares were outstanding under the Long Term Plan, which are not reflected in this table. As of June 30, 2015, there are 2,465,276 full value awards (restricted stock shares or units) or 2,723,213 partial value awards (stock options or SARs) included in the number of securities remaining available for future issuance under equity compensation plans as disclosed in this table. As of June 30, 2015, there were also 523,385 common shares available for issuance under the Company's Stock Purchase Plan.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), requires our officers, directors, and persons who own more than 10% of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Such officers, directors and shareholders are required by the SEC's regulations to furnish us with copies of all such reports.

To our knowledge, based solely on a review of copies of reports filed with the SEC during the fiscal year ended June 30, 2015, all applicable Section 16(a) filing requirements were complied with, except that (i) a Form 4 for Jim Lain, COO, was filed on December 1, 2014, reporting a partial sale upon exercise of a stock appreciation right on November 21, 2014, which was not timely communicated to us by a third-party service provider; and (ii) a Form 4 for Ken Warfield, SVP, was filed on March 30, 2015 reporting a forfeiture of shares for taxes upon vesting on February 24, 2015, due to a gap in administrative procedures with our third-party service provider as this was Mr. Warfield's first vesting after becoming a Section 16 officer.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

During fiscal 2015, we were not a party to any related party transactions covered by the Exchange Act rules.

In April 2013, the Board adopted a written Related Party Transaction Approval Policy, which sets forth our policies and procedures for the review, approval or ratification of certain related party transactions by the Nominating and Corporate Governance Committee. The policy applies to any transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in which the Company, or any of its subsidiaries, is or will be a participant and in which a related person has a direct or indirect interest, but exempts the following:

- Payment of compensation by the Company to a related party for the related party's service to the Company as a director, officer or employee;
- Transactions available to all employees or all shareholders of the Company on the same terms;
- Transactions which, when aggregated with the amount of all other transactions between the Company and the related party or any entity in which the related party has an interest, involve less than $10,000 in a fiscal year; and
- Transactions in the ordinary course of the Company's business at the same prices and on the same terms as are made available to customers of the Company generally.

The Nominating and Corporate Governance Committee must approve any related party transaction subject to this policy before commencement of the related party transaction; provided, however, that if a related party is only first identified after it commences or first becomes a related party transaction, it must be brought to the Nominating and Corporate Governance Committee for ratification. Alternatively, the Nominating and Corporate Governance Committee has delegated authority to its Chairperson to approve related party transactions if they arise between the Nominating and Corporate Governance Committee's meetings.

The Nominating and Corporate Governance Committee will analyze the following factors, in addition to any other factors it deems appropriate, in determining whether to approve a related party transaction:

- Whether the terms are fair to the Company;
- Whether the transaction is material to the Company;
- The role the related party has played in arranging the related party transaction;
- The structure of the related party transaction; and
- The interests of all related parties in the related party transaction.

The Nominating and Corporate Governance Committee may, in its sole discretion, approve or deny any related party transaction. Approval of a related party transaction may be conditioned upon the Company and the related party taking any actions that the Nominating and Corporate Governance Committee deems appropriate. The Nominating and Corporate Governance Committee reviews this policy on an annual basis.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of August 24, 2015, the ownership of our Common Stock by each shareholder who is known by us to own beneficially more than 5% of our outstanding shares, by each director and director nominee, by each executive officer and former executive officer identified in the Summary Compensation Table, and by all current executive officers and directors as a group. Except as indicated below, the parties listed in the table have the sole voting and investment power with respect to the shares indicated. Unless otherwise indicated, the address for each person or entity named below is c/o Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439. Our company had 52,998,021 shares of common stock issued and outstanding as of August 24, 2015.

Name of Beneficial Owner or Identity of Group	Number of Shares Beneficially Owned(1)	Percent of Class
More than 5% Shareholders:		
Birch Run Capital Advisors, LP(2)	10,655,170	20.1%
Heartland Advisors, Inc.(3)	5,959,618	11.2%
Dimensional Fund Advisors LP(4)	4,697,297	8.9%
BlackRock, Inc.(5)	3,892,924	7.3%
Cramer Rosenthal McGlynn, LLC(6)	3,129,777	5.9%
The Vanguard Group(7)	3,044,553	5.7%
Current Executive Officers:		
Daniel J. Hanrahan	195,933	*
Steven M. Spiegel	7,913	*
Eric A. Bakken(8)	49,156	*
Jim B. Lain	1,544	*
Heather L. Passe	6,317	*
Directors and Nominees (in addition to Mr. Hanrahan, who is listed above):		
Daniel G. Beltzman(2)	10,672,250	20.1%
James P. Fogarty	25,436	*
David J. Grissen	11,041	*
Mark S. Light	11,041	*
Michael J. Merriman	21,437	*
M. Ann Rhoades	0	*
Stephen E. Watson	57,838	*
David P. Williams(9)	36,437	*
All current executive officers and directors as a group (sixteen persons)(10)	11,111,792	21.0%

* less than 1%

(1) Includes the following shares not currently outstanding but deemed beneficially owned because of the right to acquire them pursuant to restricted stock units which vest within 60 days: 128,019 shares by Mr. Hanrahan, 3,468 shares by Mr. Spiegel, 5.431 shares by Mr. Bakken, 1,544 shares by Mr. Lain, 4,226 shares by Ms. Passe, 909 shares by each of Messrs. Fogarty, Grissen, Light, Merriman, Beltzman, and Williams, and 1,769 shares by Mr. Watson.

(2) Based on information in a Schedule 13D/A filed by Birch Run Capital Advisors, LP ("Birch Run") on August 22, 2014 and Form 4s filed by Mr. Beltzman on September 2, 2014 and March 17 and 18, 2015 reporting purchases by the Funds (as defined below), these securities are owned directly by Birch Run Capital Partners, L.P., Torch BRC, L.P. and Walnut BRC, L.P. (collectively, the "Funds"). Birch Run Capital Partners, L.P. is the record owner of 1,658,941 shares. Torch BRC, L.P. is the record owner of 3,962,648 shares. Walnut BRC, L.P. is the record owner of 5,033,581 shares. Birch Run Capital GP, LLC serves as the General Partner to Birch Run Capital Partners, L.P.; Walnut BRC GP, LLC serves as the General Partner to Walnut BRC, L.P.; and Torch BRC GP, LLC serves as the General Partner to Torch BRC, L.P. (collectively, "the General Partners"). Daniel Beltzman and Gregory Smith are the co-Managers of the General Partners. Furthermore, Birch Run Capital Advisors, LP ("the Advisor") serves as the registered investment adviser to the Funds. BRC Advisors GP, LLC ("Advisor GP") serves as General Partner to the Advisor. Mr. Beltzman

and Mr. Smith are the Limited Partners of the Adviser and the Co-Managers of the Adviser GP. The Adviser, the Adviser GP, Mr. Beltzman and Mr. Smith may be deemed to share voting and dispositive power over the reported securities. Each of the Adviser, the Adviser GP, Mr. Beltzman, and Mr. Smith disclaim beneficial ownership of any interests of the reported securities in excess of such person's or entity's respective pecuniary interest in the securities. On its Schedule 13D/A, Birch Run reported sole voting power over 0 shares, shared voting power over 8,504,788 shares, sole dispositive power over 0 shares and shared dispositive power over 9,996,589 shares. Based on the Form 4s referenced above, the shared voting power number has likely increased, and the shared dispositive power number has likely increased to 10,655,170. The address for Birch Run is 1350 Broadway, Suite 2215, New York, NY 10018.

(3) Based on information in a Schedule 13G/A filed by Heartland Advisors, Inc. ("Heartland") on February 13, 2015, Heartland reported sole voting power over 0 shares, shared voting power over 5,937,635 shares, sole dispositive voting power over 0 shares and shared dispositive power over 5,959,618 shares. The address for Heartland is 789 N. Water Street, Milwaukee, WI 53202. The Heartland Value Plus Fund, a series of the Heartland Group, Inc. owns 4,600,000 shares of the class of securities reported.

(4) Based on information in a Schedule 13G/A filed by Dimensional Fund Advisors LP ("Dimensional") on February 5, 2015, Dimensional reported sole voting power over 4,517,136 shares, shared voting power over 0 shares, sole dispositive power over 4,697,297 shares and shared dispositive power over 0 shares. The address for Dimensional is Palisades West, Building One, 6300 Bee Cave Road, Austin, TX, 78746.

(5) Based on information in a Schedule 13G/A filed by BlackRock, Inc. on January 29, 2015, BlackRock, Inc. reported sole voting power over 3,764,560 shares, shared voting power over 0 shares, sole dispositive power over 3,892,924 shares and shared dispositive power over 0 shares. The address for BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022. BlackRock, Inc. is a parent holding company and holds the sole power to vote or dispose of shares held by its subsidiaries BlackRock Institutional Trust Company, N.A., BlackRock Fund Advisors, BlackRock Asset Management Canada Limited, BlackRock Asset Management Ireland Limited, BlackRock Advisors, LLC, BlackRock International Limited, BlackRock Investment Management, LLC, BlackRock Advisors (UK) Limited, BlackRock Fund Management Ireland Limited, BlackRock Investment Management (Australia) Limited, and BlackRock Investment Management (UK) Limited (collectively, the "BlackRock Subsidiaries"). None of the BlackRock Subsidiaries own more than 5% of our outstanding shares of Common Stock.

(6) Based on information in Schedule 13G filed by Cramer Rosenthal McGlynn, LLC ("Cramer") on February 13, 2015, Cramer reported sole voting power over 3,089,102 shares, shared voting power over 40,675 shares, sole dispositive power over 3,129,777 shares and shared dispositive power over 0 shares. The address for Cramer is 520 Madison Ave, New York, NY 10022.

(7) Based on information in a Schedule 13G/A filed by The Vanguard Group ("Vanguard") on February 10, 2015, Vanguard reported sole voting power over 70,022 shares, shared voting power over 0 shares, sole dispositive power over 2,980,931 shares and shared dispositive power over 63,622 shares. The address for Vanguard is 100 Vanguard Blvd., Malvern, PA 19355.

(8) Includes 400 shares held indirectly through a profit-sharing account.

(9) Includes 2,000 shares held in a joint brokerage account with his father.

(10) See footnotes 1, 2, 8 and 9 for information regarding the nature of certain indirect and deemed ownership of the shares included in this amount.

ITEM 2
RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Audit Committee has selected PricewaterhouseCoopers LLP, certified public accountants and independent registered public accounting firm, as our independent registered public accounting firm for the fiscal year ending June 30, 2016. Although not required, the Board wishes to submit the selection of PricewaterhouseCoopers LLP for shareholders' ratification at the Annual Meeting. If the shareholders do not so ratify, the Audit Committee will reconsider its selection.

Representatives of PricewaterhouseCoopers LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire and are expected to be available to respond to appropriate questions.

Upon the recommendation of the Audit Committee of the Board, the Board unanimously recommends a vote FOR ratification of the appointment of PricewaterhouseCoopers LLP.

Audit Fees

Aggregate audit fees billed for professional services rendered by PricewaterhouseCoopers LLP were $1,990,000 for the year ended June 30, 2015, and $2,467,000 for the year ended June 30, 2014. Such fees were primarily for professional services rendered for the audits of our consolidated financial statements as of and for the years ended June 30, 2015 and 2014, limited reviews of our unaudited condensed consolidated interim financial statements, statutory audits of certain of our subsidiaries, and accounting consultations required to perform an audit in accordance with generally accepted auditing standards.

Audit-Related Fees

There were no audit-related services by PricewaterhouseCoopers LLP in the years ended June 30, 2015 or 2014.

Tax Fees

Aggregate income tax compliance and related services fees billed for professional services rendered by PricewaterhouseCoopers LLP were $415,000 for the year ended June 30, 2015 and $626,602 for the year ended June 30, 2014. The tax fees for the years ended June 30, 2015 and 2014 were for tax compliance, consulting and planning-related professional services, as well as assistance with tax audits.

All Other Fees

In addition to the fees described above, aggregate fees of $1,800 were billed by PricewaterhouseCoopers LLP during each of the years ended June 30, 2015 and 2014, for fees related to a research tool that we access through PricewaterhouseCoopers LLP.

Audit Committee Pre-Approval Policies and Procedures

The Audit Committee has approved the engagement of PricewaterhouseCoopers LLP to perform auditing services for the current fiscal year ending June 30, 2016, based upon an engagement letter submitted by PricewaterhouseCoopers LLP. In accordance with Company policy, any additional audit or non-audit services must be approved in advance. All of the professional services provided by PricewaterhouseCoopers LLP during the years ended June 30, 2015 and June 30, 2014 were approved or pre-approved in accordance with the policies of our Audit Committee.

AUDIT COMMITTEE REPORT

The Audit Committee reports to and assists the Board in providing oversight of the financial management, independent auditors and financial reporting procedures of the Company. Each member of the Audit Committee is "independent" within the meaning of applicable NYSE listing standards. The Audit Committee has adopted a written charter describing its functions, which has been approved by the Board.

Our management is responsible for preparing our financial statements and the overall reporting process, including our system of internal controls. Our independent auditors, PricewaterhouseCoopers LLP, are responsible for auditing the financial statements and our system of internal controls over financial reporting and expressing opinions thereon.

In this context, the Committee has met and held discussions with management and the independent auditors. Management represented to the Committee that our consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Committee has reviewed and discussed the consolidated financial statements with management and the independent auditors. The Committee discussed with the independent auditors matters required to be discussed by the applicable rules of the Public Company Accounting Oversight Board (PCAOB).

In addition, the Committee has received the written disclosures and the letter from the independent accountant required by applicable requirements of the PCAOB regarding the independent accountant's communications with the Committee concerning independence, and has discussed with the independent auditors the independent auditors' independence.

The Committee discussed with our independent auditors the overall scope and plans for their audit. The Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, the evaluations of our internal controls and the overall quality of our financial reporting.

In reliance on the reviews and discussions referred to above, the Committee recommended to the Board that the audited financial statements be included in our Annual Report on Form 10-K for the year ended June 30, 2015 for filing with the SEC. The Committee also has recommended to the Board the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending June 30, 2016.

David P. Williams, Chair
James P. Fogarty
David J. Grissen
Mark Light
Members of the Audit Committee

ITEM 3
APPROVAL OF ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

As required by SEC rules, we are providing shareholders with an annual, non-binding advisory vote to approve the executive compensation as disclosed in the CD&A. At the Annual Meeting, shareholders will vote on the following advisory resolution regarding the compensation of our Named Executive Officers as described in this Proxy Statement (commonly referred to as "Say-on-Pay"):

"RESOLVED, that the shareholders of Regis Corporation approve, on an advisory basis, the compensation paid to the Company's Named Executive Officers as disclosed in the 'Compensation Discussion and Analysis' section, and compensation tables and narrative discussion contained in the 'Executive Compensation' section in this Proxy Statement."

Our executive compensation programs are based on our belief that attracting, retaining and motivating talented executives is critical to the maintenance of our competitive advantage in the haircare industry and to the achievement of the business goals set by the Board. Accordingly, our executive compensation programs are designed to reward executives for achievement of our financial and business goals, while also aligning our executives' interests with those of our shareholders. We believe that we best achieve these goals by providing our executives with a mix of compensation elements that incorporate cash and equity, as well as short-term and long-term components, and that are tied to our business goals, all as described above in the CD&A of this Proxy Statement.

As described above in the CD&A, we have implemented significant, multi-year, foundational initiatives to drive a business turnaround. These investments are critical to creating long-term shareholder value; however, the near-term impacts reduced financial performance, which we believe constrained our total shareholder return in recent years. In keeping with our pay-for-performance orientation, NEO compensation in fiscal years 2013 and 2014 was below target, while realized compensation increased in fiscal year 2015 based on improved performance on metrics that drive shareholder value. Specifically, in fiscal 2015, the Compensation Committee incentivized management to drive increases in cash flow per share, as the Committee believes that over time this will translate into increased shareholder value.

For a comprehensive description of our executive compensation program, philosophy and objectives, including the specific elements of executive compensation that comprised the program in fiscal 2015, please refer to the CD&A, as well as the Summary Compensation Table and other executive compensation tables (and accompanying narrative disclosures) that follow the CD&A.

This advisory vote will not affect any compensation already paid or awarded to our NEOs and will not be binding on the Board or the Compensation Committee. However, the Compensation Committee will review and carefully consider the outcome of the vote. If there are a significant number of negative votes, the Compensation Committee will seek to understand the concerns that influenced the vote and consider them in making future executive compensation decisions.

Upon recommendation of the Compensation Committee of the Board, the Board unanimously recommends a vote FOR the approval of the compensation of our Named Executive Officers.

PROPOSALS OF SHAREHOLDERS

Shareholders who intend to present proposals at the 2016 annual meeting of shareholders, and who wish to have such proposals included in our Proxy Statement for the 2016 annual meeting, must be certain that such proposals are received by us not later than May 5, 2016. Such proposals must meet the requirements set forth in the rules and regulations of the SEC in order to be eligible for inclusion in the proxy statement for our 2016 annual meeting.

For shareholders who intend to present proposals or director nominees directly at the 2016 annual meeting and not for inclusion in our 2016 proxy statement, we must receive notice of such proposal not later than July 22, 2016 and not earlier than June 22, 2016, provided that in the event that the date of the 2016 annual meeting is more than 30 days before or more than 70 days after the anniversary date of the Annual Meeting, notice by the shareholder must be delivered not earlier than the close of business on the 120th day prior to the 2016 annual meeting and not later than the close of business on the later of the 90th day prior to the 2016 annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made by us. Such proposals must meet the requirements set forth in our bylaws in order to be presented at our 2016 annual meeting.

Proposals and notices of intention to present proposals at our 2016 annual meeting should be addressed to our Secretary, 7201 Metro Boulevard, Edina, Minnesota 55439.

ANNUAL REPORT TO SHAREHOLDERS AND FORM 10-K

Our Annual Report to Shareholders and Form 10-K, including financial statements for the year ended June 30, 2015, is available on our website at *www.regiscorp.com*. If requested, we will provide shareholders with copies of any exhibits to the Form 10-K upon the payment of a fee covering our reasonable expenses in furnishing the exhibits. Such requests should be directed to our Secretary, at our address stated herein.

NOTICE OF INTERNET AVAILABILITY OF PROXY MATERIALS

Important Notice Regarding the Availability of Proxy Materials for the Shareholders Meeting to be held on October 20, 2015.

The Notice and Proxy Statement and Annual Report on Form 10-K are available in the Investor Information Relations section of our website, *www.regiscorp.com.*

GENERAL

The Board knows of no other matter to be acted upon at the Annual Meeting. However, if any other matter is properly brought before the Annual Meeting, the shares covered by your proxy will be voted thereon in accordance with the best judgment of the persons acting under such proxy.

Your vote is very important no matter how many shares you own. You are urged to read this Proxy Statement carefully and, whether or not you plan to attend the Annual Meeting, to promptly submit a proxy by telephone or through the Internet in accordance with the voting instructions provided to you.

By Order of the Board

Eric A. Bakken
Secretary

September 9, 2015