

REGIS CORP
Form DEF 14A
September 21, 2006

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

(Name of Registrant as Specified In Its Charter)

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

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- No fee required.
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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held October 26, 2006

TO THE SHAREHOLDERS OF REGIS CORPORATION:

The Annual Meeting of the Shareholders of Regis Corporation (the Company) will be held at the Company's executive offices located at 7201 Metro Boulevard, Edina, Minnesota, 55439, on October 26, 2006, commencing at 9:00 a.m., for the following purposes:

1. To elect seven directors to serve for a one-year term and until their successors are elected and qualified;
2. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm; and
3. 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 the Company's Common Stock at the close of business on September 15, 2006 are entitled to notice of and to vote at the Annual Meeting or any adjournment or postponement thereof.

A list of shareholders entitled to vote at the Annual Meeting will be available for examination, for any purpose germane to the Annual Meeting, at the Company's executive offices during ordinary business hours for at least ten days prior to the Annual Meeting and for the duration of the Annual Meeting itself.

Whether or not you plan to attend the Annual Meeting in person, please fill in, sign and date the enclosed proxy card and mail it promptly. Should you nevertheless attend the Annual Meeting, you may revoke your proxy and vote in person. A return envelope, which requires no postage if mailed in the United States, is enclosed for your convenience.

Remember, if your shares are held in the name of a broker, only your broker can vote your shares and only after receiving your instructions. Please contact the person responsible for your account and instruct him/her to execute a proxy card on your behalf.

By Order of the Board of Directors

Eric A. Bakken
Secretary

WHETHER OR NOT YOU EXPECT TO ATTEND THE ANNUAL MEETING, PLEASE SIGN THE PROXY AND RETURN IT IN THE ENCLOSED ENVELOPE. NO POSTAGE IS REQUIRED IF MAILED WITHIN THE UNITED STATES.

September 22, 2006

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS, OCTOBER 26, 2006

This Proxy Statement is furnished to shareholders of REGIS CORPORATION, a Minnesota corporation (the "Company"), in connection with the solicitation on behalf of the Company's Board of Directors (the "Board") of proxies for use at the annual meeting of shareholders to be held on October 26, 2006, and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. This proxy statement and the enclosed proxy card are first being mailed or given to shareholders on or about September 22, 2006.

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

SOLICITATION AND REVOCATION OF PROXIES

The costs and expenses of solicitation of proxies will be paid by the Company. In addition to the use of the mails, proxies may be solicited by directors, officers and regular employees of the Company personally or by telegraph, telephone or letter without extra compensation.

Proxies in the form enclosed are solicited on behalf of the Board. Any shareholder giving a proxy in such form 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 the Secretary of the Company 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 specification indicated thereon. In addition, the proxies will grant the persons entitled to vote the proxied shares the authority to vote to adjourn the meeting.

VOTING RIGHTS

Only shareholders of record as of the close of business on September 15, 2006, will be entitled to execute proxies or to vote. On that date, there were 45,744,384 shares issued, outstanding and entitled to vote. Each share of Common Stock is entitled to one vote. A majority of the outstanding shares represented in person or by proxy at the meeting is required to transact business, and constitutes a quorum for voting on items at the meeting. If you vote, your shares will be part of the quorum. Abstentions and broker non-votes will be counted in determining the quorum and will be deemed to be present and entitled to vote at the meeting, but neither will be counted as a vote in favor of a matter. With respect to the election of directors, the nominees will be elected if they receive a greater number of affirmative votes than withheld votes. The ratification of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm will require the affirmative vote of a majority of the shares of common stock present in person or represented by proxy and entitled to vote at the meeting. If your shares are held directly and you decide to vote electronically, please follow the directions on your proxy card.

ELECTION OF DIRECTORS

Seven directors are to be elected at this annual meeting, each to hold office for one year until the 2007 annual meeting of shareholders. Based upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the seven persons named below for election as directors. All of the nominees are presently directors of the Company.

The enclosed proxy, unless authority to vote is withheld, will be voted for the election of the nominees named herein as directors of the Company. In the event any one or more of such nominees shall unexpectedly become unavailable for reelection, votes will be cast, pursuant to authority granted by the enclosed proxy, for such person or persons as may be designated by the Board. The following table contains certain information with respect to the nominees:

Name and Age	Position
Rolf F. Bjelland (68)	Director
Paul D. Finkelstein (64)	President, Chief Executive Officer, and Chairman of the Board
Thomas L. Gregory (70)	Director
Van Zandt Hawn (61)	Director
Susan S. Hoyt (62)	Director
David B. Kunin (47)	Vice President, The Regis Foundation, and Director
Myron Kunin (77)	Vice Chairman of the Board

Mr. Bjelland was elected a director of the Company in 1983. Since 1983, Mr. Bjelland has held various executive positions with Lutheran Brotherhood, a fraternal insurance society, and was President and Chairman of Lutheran Brotherhood Mutual Funds until his retirement in 2002. He is a director of the CUNA Mutual Fund Group of Madison, Wisconsin.

Mr. Finkelstein has served as President and Chief Executive Officer of the Company since July 1, 1996, Chairman of the Board since May 4, 2004, and was Chief Operating Officer of the Company from December 1987 until June 30, 1996. He has been a director of the Company since 1987.

Mr. Gregory was elected a director of the Company in November 1996. Mr. Gregory had been a director of Supercuts, Inc. from 1991 until Supercuts was acquired by a subsidiary of the Company on October 25, 1996. He was Chairman of the Board of Supercuts from January 4, 1996 until October 25, 1996, and served as interim Chief Executive Officer of Supercuts from January 4, 1996 until January 31, 1996. From 1980 through 1994, Mr. Gregory held various executive positions with Sizzler International, Inc. and its predecessors, including President, Chief Executive Officer, Director and Vice Chairman. He is currently a director of The Cheesecake Factory, Inc., the owner and operator of upscale, full-service, casual dining restaurants throughout the United States.

Mr. Hawn was elected a director of the Company in 1991. Since 1989, he has been a managing director, and was a founder, of Goldner Hawn Johnson & Morrison Incorporated, a private investment firm.

Ms. Hoyt was elected a director of the Company in 1995. Since 1996, she has been Executive Vice President of Human Resources of Staples, Inc. From 1991 to 1996, she was Executive Vice President of Store Operations for the Dayton Hudson Department Stores Division of Dayton Hudson Corporation.

Mr. David Kunin was elected a director of the Company in 1997. He is Chief Executive Officer of Beautopia, LLC, a manufacturer of hair care products. He was Vice President, Marketing, of the Company from November 1992 until February 1997 when he became Chief Executive Officer of Beautopia LLC, and Vice President of The Regis Foundation. He is the son of Myron Kunin.

Mr. Myron Kunin is a founder of the Company and has served as a director since the Company's incorporation in 1954. He was President and Chief Executive Officer from 1965 to June 30, 1996, and was Chairman of the Board from 1983 to May 4, 2004. He is Vice Chairman of the Board and holder of the majority of voting shares of Curtis Squire, Inc., a significant shareholder of the Company. He is also a director of Nortech Systems Incorporated, a manufacturer of wire harnesses and cable and electromechanical assemblies for commercial and defense industries.

CORPORATE GOVERNANCE

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

Shareholders and other interested persons may view the Company's 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 the Company's Secretary at 7201 Metro Boulevard, Minneapolis, Minnesota 55439.

Code of Business Conduct and Ethics

The Board has adopted a Code of Business Conduct and Ethics (the "Code of Ethics") that applies to all of our employees, directors and officers, including our Chief Executive Officer, 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 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 required to be disclosed under the rules of the Securities and Exchange Commission ("SEC") or 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 the Company (directly, or as a partner, shareholder or officer of an organization that has a relationship with the Company). In addition, no director or director nominee may be deemed independent if the director or director nominee

- has in the past three years:
- received (or whose immediate family member has received) more than \$100,000 per year in direct compensation from the Company, other than director or committee fees;
- been an employee of the Company;
- had an immediate family member who was an executive officer of the Company;
- been (or whose immediate family member has been) an affiliate or employee of a present or former internal or independent auditor of the Company;
- 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 the Company; 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 the Company, or receives payments from the Company, 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, with the exception of Mr. Finkelstein, Mr. Myron Kunin and Mr. David Kunin, is independent. A majority of our Board members is independent.

Communications with the Board

Shareholders 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 the Company's Secretary at the following address: Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

Comments or questions regarding the Company's 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 in *Communications with the Board*.

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

Compensation of Directors

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 will be linked to our stock performance in the form of stock appreciation rights (SARs), restricted stock and performance based cash awards. Employee directors do not receive any cash or other compensation for their services as directors. The cash compensation for non-employee directors who serve during only a portion of a fiscal year is prorated.

The cash compensation for the fiscal year ended June 30, 2006, for each of our non-employee directors consisted of:

- an annual retainer of \$35,000 for service as a director, plus expenses; and
- an annual retainer of \$10,000 for serving as chairman of the Audit Committee.

In addition, the Company granted the following to each director:

- 1,250 SARs at an exercise price of \$35.33, which vest ratably over 5 years;
- 1,250 shares of restricted stock, which vest ratably over 5 years; and
- a \$10,000 performance-based cash award. Payment under this award will be realized based on the Company achieving performance objectives measured over a three year period.

Committees of the Board

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

The charters of the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee may be viewed on our website at www.regiscorp.com under Corporate Governance. The charters include information regarding the committees' composition, purpose and responsibilities.

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

The Board committees have responsibilities as follows:

Audit Committee.

This 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, this committee maintains free and open communication between the Board, the independent auditor and our management. This committee meets with management and the independent auditor at least quarterly.

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

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

Compensation Committee.

The primary responsibilities of this committee are (i) to determine and approve the Chief Executive Officer's compensation and benefits package; (ii) to determine and approve compensation of executive officers; and (iii) to consider and recommend incentive compensation and equity-based plans.

Nominating and Corporate Governance Committee.

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

Board Meetings and Attendance

The Board held four regular meetings during the fiscal year ended June 30, 2006. Each incumbent director attended, in person or by teleconference, at least 75% of the meetings of both the Board and Board committees on which he or she served. Our Board does not have a formal policy relating to Board member attendance at annual meetings of shareholders; however, our directors are encouraged to attend the meeting each year. Each of the then-serving directors attended the 2005 annual meeting of shareholders.

The following table shows the number of meetings held in fiscal 2006 and the names of the directors currently serving on each committee.

Committee	Number of Meetings During Fiscal 2006	Members
Audit	7	Rolf Bjelland* Susan Hoyt Van Zandt Hawn Thomas Gregory
Compensation	3	Van Zandt Hawn* Rolf Bjelland Thomas Gregory Susan Hoyt
Nominating and Corporate Governance	2	Susan Hoyt* Thomas Gregory Rolf Bjelland Van Zandt Hawn

* Committee Chair

Director Nomination Process

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

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

Candidates are evaluated based on these qualification standards and the current needs of the Board.

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 Senior Vice President, General Counsel and Secretary at Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee of the Board consists of Mr. Hawn, Mr. Bjelland, Ms. Hoyt and Mr. Gregory, independent directors. The Compensation Committee has responsibility for administering the Company's incentive plans and setting policies that govern annual compensation, short-term incentives and long-term incentives for the principal executive officers of the Company. The Committee from time to time utilizes the services of Hay Management Consultants, a national executive compensation consulting firm, to assist it in determining that executive officer compensation levels are within national norms.

The Company's executive compensation program consists of three key components: (1) base salary, (2) short-term incentive compensation in the form of bonuses, and (3) long-term equity and cash incentives through stock options, SARs, restricted stock and cash based performance awards.

Base Salary: Shortly before the beginning of each fiscal year, the Compensation Committee reviews annual salary recommendations for the Company's principal executives made by the Chief Executive Officer and approves, with any modifications it deems appropriate, such recommendations. The annual salary recommendations are made by the Chief Executive Officer, and approved or modified by the Compensation Committee, based upon industry practice and national surveys of compensation packages, as well as evaluations of the individual executive's responsibilities and past and expected future performance.

Short-Term Incentives: At the 2004 annual meeting, our shareholders approved the Short-Term Incentive Compensation Plan for the Company's Chief Executive Officer and each of the four most highly compensated officers (the Short-Term Plan). The Short-Term Plan is designed to align executive compensation with annual performance of the Company. To accomplish this goal, the Board has adopted a structured bonus program. Each year the Board will establish initial earnings per share targets. The Short-Term Plan provides for a full bonus if 100% of the targeted earnings per share for the year is achieved, a bonus of 37.5% of the full bonus amount if earnings per share reach 85% of budgeted earnings, with earnings performance between 85% and 100% giving rise to bonuses calculated by interpolation between those fixed points. Below 85%, no bonuses would be earned. In addition, the Short-Term Plan provides for the Chief Executive Officer to receive a bonus beyond the full bonus amount if earnings per share exceed 105% of the earnings per share target for the year. For the last fiscal year, potential bonuses were limited to 100% of base salary for the Chief Executive Officer, 60% of base salary for the Chief Financial and Administrative Officer, and 50% of base salary for the other principal executives.

Long-Term Incentives: At the 2004 annual meeting, our shareholders approved the 2004 Long-Term Incentive Compensation Plan (the 2004 Long-Term Plan). The 2004 Long-Term Plan provides for the grant of equity-based incentives and long-term cash based performance incentives, including a mix of stock options, SARs, restricted stock and cash based performance awards.

The Compensation Committee fixes the salary of the Chief Executive Officer in the context of his employment agreement, summarized later in this proxy statement, based on a review of competitive compensation data, and the Committee's assessment of his past performance and its expectation as to his future performance in leading the Company. The base salary for Mr. Finkelstein for fiscal 2006 was \$888,890.

Mr. Finkelstein participates with other senior executive officers in the Company's structured bonus program described above. For fiscal 2006, Mr. Finkelstein earned a \$342,600 bonus under this program.

Section 162(m) of the Internal Revenue Code generally disallows a tax deduction to public corporations for compensation over \$1,000,000 paid for any fiscal year to the company's Chief Executive Officer and four next most highly compensated executive officers. The statute exempts qualifying performance-based compensation from the deduction limit. Among the factors taken into account by the Compensation Committee in considering the compensation paid to executive officers is the anticipated tax treatment of various payments and benefits, including deductibility under Section 162(m). To preserve flexibility, the Compensation Committee does not, however, limit executive compensation to that which is deductible.

Van Zandt Hawn, Chair
Rolf F. Bjelland
Susan Hoyt
Thomas Gregory
Members of the Compensation Committee

SUMMARY COMPENSATION TABLE

The following table shows the cash and non-cash compensation for each of the last three fiscal years awarded to or earned by the Company's Chief Executive Officer and each of the four most highly compensated executive officers during fiscal year 2006.

Name and Principal Position	Fiscal Year	Annual Compensation Salary(\$)	Bonus\$(1)	Long-Term Compensation(5)	All Other Compensation\$(2)(3)(4)(5)
Paul D. Finkelstein	2006	888,890	342,600		328,576 (2)(3)(4)
<i>President, Chief Executive Officer and Chairman of the Board</i>	2005	863,000	323,625		291,884
	2004	790,000	474,000		325,704
Myron Kunin	2006	743,310			22,372 (7)
<i>Vice Chairman of the Board</i>	2005	725,180			27,812
	2004	702,014			75,688
Fraser Clarke	2006	250,000	350,000		60,121 (3)(4)
<i>President and Chief Executive Officer of Hair Club for Men & Women</i>	2005	134,076 (6)	152,500 (6)		5,250 (6)
	2004				
Randy L. Pearce	2006	381,100	117,508		202,135 (2)(3)(4)
<i>Senior Executive Vice President, Chief Financial and Administrative Officer</i>	2005	370,000	101,750		195,093
	2004	350,000	140,000		193,634
Gordon B. Nelson	2006	365,650	93,954		203,151 (2)(3)(4)
<i>Executive Vice President, Education and Fashion</i>	2005	355,000	88,750		209,349
	2004	340,000	136,000		211,808

(1) Portions of the bonuses reflected in the Summary Compensation Table were not actually received as receipt of such amounts was deferred pursuant to the Company's Compensation Deferral Plan. Participants may elect to defer a portion of their compensation to be paid out at a future date specified by the participants. Amounts deferred are Company liabilities having the same rank in bankruptcy as the Company's general debt obligations.

(2) Includes \$179,533 for Mr. Finkelstein and \$116,696 for Mr. Pearce and Mr. Nelson; which is the dollar amount of life insurance premiums and related tax reimbursement payments made by the Company pursuant to life insurance policies owned by such officers.

(3) Includes matching contributions by the Company under the Company's Compensation Deferral Plan of \$25,000 for Mr. Finkelstein, Mr. Pearce and Mr. Clarke and \$23,488 for Mr. Nelson.

(4) Amounts disclosed in this column also include Company payments for estate planning, tax preparation services, automobile related expenses, and insurance, which includes life, health, dental, long term care and other insurance. None of the foregoing amounts individually exceeded 25% of the total perquisites and other personal benefits reported for the named executive officers.

(5) Please see Long-Term Incentive Plan Awards in Last Fiscal Year for information regarding restricted stock, SARs and performance-based cash awards granted to the named executive officers.

(6) Fraser Clarke is the President and Chief Executive Officer of the Hair Club for Men and Women business. The Hair Club for Men and Women business was acquired by the Company in December 2004. Therefore, fiscal year 2005 includes approximately six (6) months of compensation for Mr. Clarke.

(7) The amount disclosed in this column includes Company payments for automobile related expenses in the amount of \$5,307 and insurance, which includes life, health, dental, long term care and other insurance, in the aggregate amount of \$17,065.

OPTIONS/SARs

Grants in Last Fiscal Year

The following table summarizes the options and SARs granted to the Chief Executive Officer and the four other most highly compensated executive officers of the Company during the fiscal year ended June 30, 2006.

Name	Individual Grants			Exercise Or Base Price (\$/SH)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Terms		
	Number of Securities Underlying Options/SARs (#)(1)	% of Total Options/SARs Granted to Employees in Fiscal Year				0% (\$)	5% (\$)(2)	10% (\$)(2)
Paul D. Finkelstein	20,000	8.7 %		35.33	4/27/16	0	444,377	1,126,138
Myron Kunin								
Fraser Clarke								
Randy L. Pearce	4,000	1.7 %		35.33	4/27/16	0	88,975	225,228
Gordon B. Nelson	2,500	1.1 %		35.33	4/27/16	0	55,547	140,767

(1) Represents SARs granted to the named executive officers. The SARs have an exercise price equal to the fair market value on the date of grant and vest annually in 20% increments.

(2) The hypothetical potential appreciation shown in these columns reflects the required calculations at annual rates of 5% and 10% set by the Securities and Exchange Commission, and therefore is not intended to represent either historical appreciation or anticipated future appreciation of the Company's Common Stock price.

OPTION/SAR EXERCISES AND OPTION/SAR VALUES

Aggregated Option/SAR Exercises in Last Fiscal Year and Fiscal Year-End Option/SAR Values

The following table sets forth for each of the named executive officers the value realized from options/SARs exercised during fiscal 2006 and the number and value of exercisable and unexercisable options/SARs held at June 30, 2006.

**Number of Securities
Underlying**