REGIS CORP
Form DEF 14A
September 06, 2018
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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

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

Regis Corporation
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement, if other than the Registrant)
Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1)	Title of each class of securities to which transaction applies:
(2)	Aggregate number of securities to which transaction applies:
(3)	Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
(4)	Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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Letter From THE INDEPENDENT DIRECTORS

Dear Fellow Shareholders,

Many independent board chairs write proxy-opening letters but rarely do shareholders recieve a letter from all of the independent directors. You won't read a letter like this one very often.

We, the independent members of Regis Corporation's board of directors really are fellow shareholders. We also represent you and seek your counsel in ways that make typical shareholder engagements seem perfunctory—indeed, we would be remiss if we didn't open by thanking a substantial number of you for your thoughtful and detailed input into our like-no-other, designed-from-scratch compensation plan.

The compensation plan we are just rolling out tells you a lot about our willingness to be creative leaders. As you will read in more detail in our Compensation Discussion and Analysis, we started with two key concepts:

- Shares that people buy with their own money create a much stronger alignment than shares that are awarded as part of an overall pay plan.

- Shares that can be quickly sold off after short vesting periods, and get replenished every year, do not align interests as strongly as shares that are awarded less often and come with longer measuring, vesting, and holding requirements.

Our new pay plan strongly encourages executive officers to buy shares with the money they earn only if they first achieve annual short-term incentive targets. In addition, our substantial up-front equity grants—that will be the executive officers' only automatic ones for the next five years—come with meaningful performance and holding requirements.

Our governance profile is as exceptional as our compensation. We have a refreshed and diverse board that is committed to facilitating Regis' transformation. We have implemented majority voting; annual director elections; one-share, one vote; special meeting rights at 10%; and have majority voting for M&A and bylaw amendments as well as no poison pill.

We hope you are pleased with the performance our team is delivering, encourage you to use the services of our salons, and invite you to provide us your thoughts via the means we describe in this proxy at any time: we cast a wide net for ideas and take your investment in us seriously.

Sincerely,

Dave Williams Daniel Beltzman Ann Rhoades Mike Merriman

Dave Grissen Mark Light Virginia Gambale

Our new pay plan strongly encourages executive officers to buy shares with the money

they earn only if they first achieve annual short-term incentive targets.

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To the Shareholders of Regis Corporation:

The Annual Meeting of the Shareholders (the "Annual Meeting") of Regis Corporation (referred to as "we," "us," "our," "Regi and the "Company") will be held at our executive offices located at 7201 Metro Boulevard, Edina, Minnesota 55439, on October 23, 2018 commencing at 9:00 a.m., for the following purposes:

To elect the eight directors listed in the proxy statement to serve for a one-year term and until their successors are elected and qualified;

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

To approve our 2018 long-term incentive compensation plan;

To ratify the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm for fiscal 2019; and

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, 2018 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,

Amanda P. Rusin

Corporate Secretary

September 6, 2018

Notice of Annual Meeting of Shareholders

9:00 A.M.

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Websites can’t give haircuts

Some consumer-facing companies are experiencing upheaval from shifts toward online purchasing and preferences for specialty or small-business brands over national ones.

Regis Corporation and our national brands enable both corporate and franchised owners to provide professional hair care that is **attractive to customers in their local markets because it involves personal service**: websites can’t give haircuts.

The best of being big and small

We at Regis are committed to using technology to leverage and differentiate our salons’ ability to engage in multi-channel product sales, attract and retain customers and stylists, provide ongoing educational opportunities for our stylists, and operate with state-of-the-art ‘back-office’ efficiencies otherwise not possible for small businesses.

We also strive to provide our salons, both corporate and franchised, with the expertise and efficiencies that come from being a part of a larger organization in order to enhance competitiveness and brand recognition. We aim to **retain the strengths of a small localized business model, while leveraging the clout of being part of the largest Company in the hair salon industry**.

Our sector

Demand for professional hair care has grown steadily in the US[1]. The potential for growth in our sector is enhanced by a number of drivers including a **growing variety of competitive and ancillary service channels** (such as blow dry bars, ponytail and braid bars, booth rental facilities, online bookings, in-home services and “glam squads”), growth in the male hair care sector, and continued evolution of services customers seek (eco-friendly products, Brazilian blowouts, select hair treatments, hair extensions and non-hair services like skin treatments, eyelash tinting and teeth whitening).

So who are we exactly?

Regis Corporation owns, franchises and operates beauty salons under trade names including Supercuts®, SmartStyle®, MasterCuts®, Regis Salons®, Sassoon®, Cost Cutters®, Roosters® and First Choice HairCutters®. As of June 30, 2018, we owned, franchised or held ownership interests in 8,168 salon locations, primarily in the US and Canada. We also maintain an ownership interest in Empire Education Group in the US, a leading provider of cosmetology education in North America.

REGIS CORPORATION:
THE STORY

1According to IBIS World Industry Report OD4410, Hair Salons in the US, August 2017, the sector grew an average of 1.8% between 2012 and 2017.

And what was most
notable this past year:

The Board hired **Hugh Sawyer** as President and CEO, effective April 17, 2017, to pursue an aggressive transformation strategy. When Mr. Sawyer joined the Company, he outlined a vision for the Company that included:

- a strategic restructuring of our business emphasizing the growth of our franchise platform;
- an operational turnaround of our non- or under-performing Company-owned salons;
- using technology to transform our business;
- investing in better advertising content, digital advertising and leveraging broader channels of distribution for improved content through new relationships, digital advertising program and social media;
- efforts to upgrade the recruitment, training, and retention of our stylists;
- elimination of non-essential, non-customer facing costs; and
- the revitalization of our guests' experience in our salons.

We executed on many of these initiatives in fiscal 2018 and continue efforts to advance our turnaround, transform our business and maximize shareholder value, as you will read in the pages that follow.

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Election of Directors

The Board unanimously recommends that you vote FOR the election of each of these director nominees.

Item 1

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As shareholders, you have the right to vote on each of us, the members of your Board of Directors, to continue as stewards of Regis Corporation. To help inform your vote, we share with you in this section summaries of:

- What has kept us busy on your behalf
- Who we are
- How we, the directors, are governed
- How we govern the Company
- How and what we are paid

What Has Kept Us Busy

In this section, we, your Board of Directors, provide you information about who we are, how we are organized, how we operate, and what we are paid. We would like to open, however, with a short summary of what we have been doing for you, our fellow shareholders. This important information is not always included in proxy statements and we believe we should provide it since you are being asked to re-elect us.

Our Board, working with our management team, has taken significant actions to drive our Company forward through a critical turnaround. In the 22 months starting as of October 2016 we have taken these governance and board strategy-level actions:

Appointed David Williams as our Independent Board Chair

Announced that we would consider franchising our Company-owned Supercuts salons where we believe it will maximize shareholder value

Hired a seasoned turnaround expert, Hugh Sawyer, as our new CEO

Announced the sale of substantially all of our mall-based salon business in North America and substantially all of our international salons

Announced the closure of ~600 non-performing Company owned SmartStyle stores

Recruited new individuals to fill the roles of EVP and CFO; EVP, CTO and Head of Engineering; SVP and CHRO; SVP, General Counsel and Corporate Secretary

Promoted a new President of Franchise, SVP and Chief Marketing Officer, SVP Chief Accounting Officer, SVP Merchandise and VP Creative

Announced a multi-year sponsorship with Major League Baseball, making our SuperCuts® brand the official hair salon, official hair stylists and partner of MLB

Appointed Virginia Gambale, a well-regarded technologist as the eighth member of our board

Undertaken a series of engagement meetings with our shareholders to solicit ideas and input for the design of our fiscal 2019 compensation plan

Retained Pay Governance to help us design a new, and, we believe, highly innovative compensation plan

Initiated a review and update of our governance guideliness

We expect to continue our shareholder engagement and maintain our openness to ideas to enhance shareholder value, whatever the source. We encourage you to visit the User's Guide section of this proxy statement to find ways to share your ideas with us.

Election of directors

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ELECTION OF DIRECTORS

The Board unanimously recommends that you vote FOR the election of each of the director nominees below.

Eight directors are to be elected at the Annual Meeting, each to hold office for one year until the 2019 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. Each of the Board's nominees are standing for re-election by the shareholders at the Annual Meeting, except Virginia Gambale, who was identified as a candidate by a non-management director and appointed to the Board effective March 1, 2018, and each nominee has consented to serve if elected.

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.

Who We Are

Daniel G. Beltzman **General Partner,** **Birch Run Capital** **Advisors, LP** **Independent** **Director since 2012** **Age: 43** Board committees	**Career Highlights** •General Partner, Birch Run Capital Advisors, LP, an investment adviser, since May 2006 •Mergers and Acquisitions and Equity Research departments of Deutsche Bank Securities, Inc. and Bank of America Securities **Skills / Experience** •Financial experience and expertise •Represents a significant shareholder **Education** BBA, Accounting/Finance, University of Michigan MAcc, University of Michigan **Also...** Daniel cofounded Birch Run Capital Advisors when he was 31. Birch Run looks to invest in organizations that believe that value follows values. It looks for organizations whose people are

•Compensation, *Chair* •Nominating and Corporate Governance •Technology	willing to invest their time, resources, and reputations to support both. **Other Public Boards** •Ditech Holding Corp. f/k/a Walter Investment Management Corp. (since December 2015) **Voting Support** 2017: 97.3% | 2016: 86.5% | 2015: 88.0% | 2014: 99.4% | 2013: 92.8% | 2012: 99.4%

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ELECTION OF DIRECTORS

Virginia Gambale **Managing Partner, Azimuth Partners LLC** **Independent** **Director since 2018** **Age: 59** Board committees •Audit •Compensation •Technology, *Chair*	**Career Highlights** •Managing Partner & Founder, Azimuth Partners LLC, a strategic advisory firm in the field of technology innovation and growth strategies for early, mid-and late-stage companies, since 2003 •Former head of Deutsche Bank Strategic Ventures and General Partner of Deutsche Bank Capital Partners •Board President, Newport Music Festival •Adjunct Faculty Member, Columbia University •Mentor, Columbia University's Masters in Technology Leadership •Senior management positions at Merrill Lynch, Bankers Trust and Marsh McLennan **Skills / Experience** •Technologist - focuses on growth and innovation strategies for technology and technology-driven services companies •Senior management positions (including CIO) at Merrill Lynch, Bankers Trust, Deutsche Bank and Marsh McLennan •Deal structuring for venture and growth capital funding; led numerous M&A transactions in the tech sector **Education** BS, Mathematics & Computer Science, minor in Business, New York Institute of Technology **Also...** Virginia has extensive expertise in transformative business technology. She is also a concert pianist. **Other Public Boards** •JetBlue Airways Corporation (since 2006); Compensation Committee Chair •First Derivatives plc (since March 2015)

Former

•Dundee Corporation (2015 – 2018)

•Piper Jaffray Companies (2009 – 2011)

•Motive, Inc. (2004 – 2008)

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ELECTION OF DIRECTORS

David J. Grissen

Group President, Marriott International, Inc.

Independent

Director since 2013

Age: 61

Board committees

- Audit, ACFE
- Nominating and Corporate Governance, *Chair*
- Technology

Career Highlights

- Joined Marriott International, Inc., a global operator of hotels and related lodging facilities, in 1986 with his most recent role being Group President since 2013
- Various positions at Marriott 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

Skills / Experience

- Leadership experience with a complex organization that includes franchised, managed and owned operations
- Building marketing platforms with multiple portfolio brands
- Acquisitions and integration

Education

BA, Michigan State University
MBA, Loyola University Chicago

Also...

David implemented the 4 Disciplines of Execution because he saw how employees understanding how their day-to-day activities relate to the company's overall business results made them feel they were all working towards a common goal and they make a difference and have a voice.

David, a long-time runner, served as Vice Chairman of Back On My Feet, a non-profit whose mission is helping the homeless via a structured running program.

Other Public Boards

Former

- Good Times Restaurants Inc. (2005 – 2010)

Voting Support

2017: 99.0% | 2016: 89.0% | 2015: 89.3% | 2014: 99.5% | 2013: 98.1%

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Mark S. Light **Former Chief Executive Officer, Signet Jewelers** **Independent** **Director since 2013** **Age: 56** Board committees •Compensation •Nominating and Corporate Governance •Technology	**Career Highlights** •In 1978 joined Signet Jewelers, the world's largest retailer of diamond jewelry (with over 3,500 stores including Kay Jewelers, Zales, Jared The Galleria of Jewelry, H. Samuel, Ernest Jones, Peoples and Piercing Pagoda) operating in North America and the United Kingdom •Chief Executive Officer and Director of Signet Jewelers from November 2014 until his retirement in July 2017 •Various management positions including President and Chief Operating Officer, Executive Vice President of Operations and Division President while at Sterling Jewelers, Signet's main US business **Skills / Experience** •Led an international sales team to deliver a superior customer experience •Led the development of start-up retail jewelry brand, Jared the Galleria of Jewelry to over $1 billion in annual revenue in 2017 •Led and managed many acquisitions while integrating synergies •Led in the acquisition and integration of a large diamond-cutting factory in Botswana, Africa •Led in the development of several exclusive international jewelry product brands such as Open Hearts by Jane Seymour, Neil Lane Bridal, and the Ever Us Two Stone collection to name a few **Education** Kent State University and Ohio University **Also...** When Mark became Head of Sterling, he oversaw a tripling of the unit's sales. In his time at Signet, he oversaw a successful acquisition and integration of Zales, expanded its outlet channel by acquiring Ultra, made significant progress on the company's OmniChannel strategy, realigned the organization structure and re- engineered and stabilized its ecommerce platform. Mark is the Chairman of the Board of Directors of Bedrock Manufacturing, which is the parent of two iconic American brands, Shinola and Filson.

Other Public Boards

Former

•Signet Jewelers Limited (2014 – 2017)

Voting Support

2017: 96.7% | 2016: 87.7% | 2015: 88.2% | 2014: 99.9% | 2013: 98.1%

ELECTION OF DIRECTORS

Michael J. Merriman

Operating Advisor, Resilience Capital Partners, LLC

Independent

Director since 2011

Age: 62

Board committees

•Audit, ACFE, *Chair*

•Compensation

Career Highlights

•Operating Advisor at Resilience Capital Partners, a private equity firm, since 2008

•Chief Executive Officer, The Lamson & Sessions Co. (November 2006 until sale November 2007)

•SVP & Chief Financial Officer, American Greetings Corporation (September 2005 – November 2006)

•President & CEO, Royal Appliance Mfg. Co. (1995 – 2004)

•Chief Financial Officer, Royal Appliance Mfg. Co. (1992 – 1995)

•Audit Partner, Arthur Anderson & Co.

Skills/Experience

•Public company CEO leadership experience

•Consumer product sales and marketing direct to consumer, as well as to big box retailers including Walmart

•M&A experience including the sale of both public and private companies

•Public accounting experience

Education

BS, Business Administration, John Carroll University

Also...

Michael was named CEO of Royal Appliance Manufacturing at 39, after joining the company as CFO three years earlier.

Other Public Boards

•Nordson Corporation (since 2008), Chairman of the Board (since February 2018) Audit Committee Chair (until February 2018)

•OMNOVA Solutions Inc. (since 2008), Nominating & Corporate Governance Committee ChairFormer

Former

•Invacare Corporation (2014 – 2018)

•American Greetings Corporation (2006 – 2013)

•RC2 Corporation (2004 – 2011)

Voting Support

2017: 98.2% | 2016: 87.7% | 2015: 88.6% | 2014: 99.4% | 2013: 92.8% | 2012: 95.0% | 2011: 94.8%

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M. Ann Rhoades

President, People Ink, Inc.

Independent

Director since 2015

Age: 73

Board committees

- Audit
- Compensation

Career Highlights

- President, People Ink, Inc., a human resources consulting firm, since 1999
- Executive Vice President, People, JetBlue Airways (1999 – 2002)
- Executive Vice President, Team Services, Promus Hotel/DoubleTree Hotels Corporation (1995 – 1999)
- Vice President, People, Southwest Airlines (1989 – 1995)

Skills / Experience

- Human resources experience
- Consumer experience

Education

MBA, The University of New Mexico

Also...

Ann built a hiring model to get high-performance outcomes based in hiring according to values that helped create JetBlue and Southwest Airlines' well-regarded cultures.

Author of *Built on Values, Creating an Enviable Culture That Outperforms the Competition*.

Flew in an F-16 at 9.1Gs.

Other Public Boards

Former

- JetBlue Airways (2001 – 2015), Compensation Committee Chair
- Restoration Hardware (1999 – 2001, 2005 – 2009)
- P.F. Chang's China Bistro, Inc. (2003 – 2012), Compensation Committee Chair

Voting Support

2017: 98.9% | 2016: 98.8% | 2015: 99.2%

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ELECTION OF DIRECTORS

Hugh E. Sawyer

President & Chief Executive Officer, Regis Corporation

Director since 2017

Age: 64

Board committees

•Technology

Career Highlights

•President & CEO, Regis Corporation since April 2017

•Managing Director, Huron Consulting Group Inc., a management consulting firm (2010 – 2017)

•Interim President & CEO, JHT Holdings (2010 – 2012)

•Chief Administrative Officer, Chief Restructuring Officer, Fisker Automotive Inc. (January 2013 – October 2013)

•Interim President, Euramax International (February 2014 – August 2015)

•Including Regis, he has served as President or CEO of Wells Fargo Armored Services Corporation, The Cunningham Group, Inc., National Linen Services, Inc., Aegis Communications Group, Inc., Allied Holdings, and Legendary Holdings, Inc.

Skills / Experience

•Member of the Turnaround Management Association (TMA)

•Certified Turnaround Professional (CTP)

•Recipient TMA's "2011 Large Company Turnaround of the Year" Award

•Recipient TMA's "2012 Mid-Size Company Turnaround of the Year" Award

Education

BA, with academic honors, University of Florida, Gainesville

Also...

Hugh has more than 35 years of experience leading operational improvements, turnarounds, mergers and acquisitions and strategic transformations for both public and private companies across a diverse group of industries. He has served as President or CEO of nine companies and fifteen boards of directors over his career.

Other Public Boards

•Huron Consulting Group Inc. (since February 2018)

Former

•Edison Mission Energy (2012 – 2014)

•Energy Future Competitive Holdings Company LLC; Texas Competitive Electric Holdings Company LLC from 2013 to October 2016

Voting Support

2017: 99.2%

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David P. Williams **Executive Vice President and Chief Financial Officer, Chemed Corporation** **Chairman of the Board, Regis Corporation** **Independent** **Director since 2011** **Age: 57** Board committees •Audit, ACFE •Nominating and Corporate Governance	**Career Highlights** •Chief Financial Officer, Chemed Corporation, a provider of hospice care and repair and maintenance services, since February 2004 •SVP & CFO, Roto-Rooter (1998 – 2004) •CFO, Omnia Group •SVP & CFO, Veratex Group •Tenure at PricewaterhouseCoopers (1983 – 1990) including last title as Manager, Comprehensive Professional Services Consulting Group **Skills / Experience** •Leadership experience •Accounting and financial expertise Education BA, Accounting, Michigan State University MBA, with high honors, Michigan State University's Executive Management Program **Also...** Under David's financial leadership, Chemed's shareholders receive returns on their equity that far outpace the rest of the industry—the current ROE is 22.36% (industry is 13.77%). **Voting Support** 2017: 99.1% | 2016: 89.1% | 2015: 89.8% | 2014: 99.4% | 2013: 97.1% 2012: 96.7% | 2011: 81.8%

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OUR BOARD GOVERNANCE

Our Board Governance

We believe that how we govern ourselves is as important as the corporate governance that sets guidance and parameters for the Company more generally. This is a summary of some of our key board governance provisions. More information can be found on our website, www.regiscorp.com, and in the next section summarizing some of the key provisions that apply more broadly to the Company. Our compensation governance provisions can be found in our Compensation Discussion and Analysis.

All of our directors except our President and CEO are independent. We provide in our User's Guide at the end of this proxy statement a description of our Board's independence standards. Under these standards the Board has determined that each director, with the exception of Mr. Sawyer, our President and CEO, is independent. The Board has also 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, respectively. Accordingly, a supermajority of our Board is independent.

Our board chair is an independent director. The Board believes that having an independent Chair is an appropriate governance practice and leadership structure for our Company at this time.

All of our directors stand for election every year.

Special meetings. Shareholders holding 10% or more of our outstanding stock have the right to call a special meeting of shareholders.

Board and committee meeting attendance. Each of our then-serving directors attended, in person or by teleconference, at least 75% of the 11 meetings of our Board and the meetings of the board committees on which each director served during the fiscal year ending June 30, 2018.

Annual meeting attendance. Our Board does not have a formal policy relating to Board members' attendance at annual shareholder meetings. Directors are, however, encouraged to attend these meetings and all but one of our then-serving directors attended our 2017 annual shareholders meeting in person and the other then-serving director participated telephonically.

Our Board has a majority voting standard. Incumbent directors who do not receive a majority of votes cast must tender their resignation for the board to review. The Company's governance guidelines further provide that if the Board decides not to accept a director's resignation in such circumstances, it will disclose its reasons.

Director stock ownership. Our directors are required to hold all common stock they receive as part of their board compensation until they cease to serve as directors.

Age and tenure limits. The Company's corporate governance guidelines contain both age and tenure limit provisions.

Over-boarding. The Company's corporate governance guidelines contain provisions related to limiting its directors' service on other boards of directors.

Director evaluations. The Company's corporate governance guidelines contain provisions requiring annual board evaluations.

Director orientation and education. Directors receive orientation overseen by the Board and the Corporate Governance and Nominating Committees and are supported in obtaining continuing director education.

Executive sessions. Our board has a policy of conducting executive sessions of the independent directors in connection with each regularly scheduled Board meeting.

Communicating with the Board. Our directors provide means for shareholders to communicate with the Board—which are described in the User's Guide at the end of this proxy. Our directors have also made it a practice to proactively engage with shareholders.

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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. 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.

•The Technology Committee is responsible for reviewing risks associated with significant technology investment and/or deployment.

•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, which periodically reviews the risk relating to the Company's compensation practices. Our leadership team meets with our General Counsel and head of Internal Audit to discuss and evaluate risks applicable to our Company.

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

•High professional and personal ethics and values;

•A strong record of significant leadership and meaningful accomplishments in his or her field;

•Broad experience;

• The ability to think strategically;

•Sufficient time to carry out the duties of Board membership; and

•A commitment to enhancing shareholder value and representing the interests of all shareholders.

Candidates are evaluated based on these qualification standards and the current needs of the Board, with due consideration of the requirement of our Corporate Governance Guidelines and NYSE and SEC regulations that at least a majority of 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 that 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 Chair of the Nominating and Corporate Governance Committee, c/o the Corporate Secretary, Regis Corporation, 7201 Metro Boulevard, Edina, Minnesota 55439.

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OUR CORPORATE GOVERNANCE

Our Corporate Governance

Our corporate governance provisions that relate to our board of directors are summarized in the preceding section. Our compensation governance provisions are summarized in the Compensation Discussion and Analysis section of this proxy statement. Our corporate governance guidelines are posted on our website, 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, MN 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 our 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.

Related Party Transactions. Our Board has adopted a Related Party Transaction Approval Policy requiring approval of all related party transactions for amounts exceeding $10,000 for the fiscal year. We did not have any related party transactions during fiscal 2018.

Complaint/hotline procedures. The Company's governance guidelines provide for the publication of a toll-free number and mailing address for complaints to be submitted to the Audit Committee.

Our Board's Committees

The Board has four standing committees: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Technology Committee. The Board established the Technology Committee in July 2018. The composition of these committees at fiscal year-end is set forth below, except the composition of the Technology Committee which reflects the initial membership as established in July 2018.

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

The charters of the Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Technology 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 Corporate 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.

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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 each of Mr. Williams,

Our Board's Committees

Director Name	Audit	Compensation	Nominating and Corporate Governance	Technology
Daniel G. Beltzman		CHAIR		
Virginia Gambale				CHAIR
David J. Grissen	[1]		CHAIR	
Mark S. Light				
Michael J. Merriman	[1] CHAIR			
M. Ann Rhoades				
Hugh E. Sawyer				
David P. Williams	[1]			
Meetings during fiscal 2018	**4**	**8**	**4**	**N/A[2]**

1Denotes Audit Committee Financial Expert

2The Technology Committee was formed in July 2018.

Mr. Merriman and Mr. Grissen, all whom are independent directors, is an audit committee financial expert (ACFE) 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 to determine and approve, or make recommendations to the Board with respect to, the compensation and benefits packages of the executive officers and to consider and recommend incentive compensation and equity-based plans. The Compensation Committee also reviews director compensation, oversees the evaluation of the CEO, and evaluates its own performance on an annual basis. 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, 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" above.

OUR CORPORATE GOVERNANCE

Technology Committee

The Technology Committee, formed in July 2018, assists the Board by overseeing the Company's technology strategy and planning; investments; the prioritization, degree and pace of innovation; and related business purposes. It monitors the continuous flow of innovative, differentiated, leadership products in the markets currently served by the Company, and plans for the insertion of new technology into the Company's long-range strategic plan. It also reviews and recommends disruptive products and technologies and reviews the Company's cybersecurity measures and response plans. In addition, it reviews the adequacy of processes, tools, facilities and technology leadership connected with product and technology development, and it reviews and recommends the costs, benefits, risks and prioritization associated with significant technology investments and deployments.

How Our Directors Are Paid

We designed our director compensation program to address the time, effort, expertise, and accountability required of active board membership, with consideration given to industry comparisons of directors' compensation. Our Board believes that annual compensation for non-employee directors should consist of both cash to compensate members for their service on the Board and its committees, and equity to align the interests of directors and our shareholders. By vesting over time, equity awards also create an incentive for continued service on our Board.

Compensation of our directors is reviewed and determined by the Board on an annual basis. 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 pro-rated. Fiscal 2018 director compensation was flat with fiscal 2017. Our current non-employee director compensation is as follows:

- An annual cash retainer of $70,000;

- Annual cash retainers of $15,000, $10,000, $7,500 and $15,000 for the chairs of the Audit Committee, Compensation Committee, the Nominating and Corporate Governance Committee and the Technology Committee, respectively;

- An annual grant of restricted stock units valued at $90,000, which vest monthly over a period of one year and pay out when the director leaves the Board, generally granted on the date of the director's election or re-election at the annual meeting of shareholders; and

- An annual grant of restricted stock units valued at $85,000 payable to our independent Chair of the Board, which vest monthly over a period of one year and pay out when the Chair leaves the Board, generally granted on the date of the Chair's re-election at the annual meeting of shareholders.

In October 2015, the Compensation Committee provided that Mr. Beltzman would henceforth receive cash in lieu of a director equity grant due to his beneficial ownership of greater than 20% of our outstanding common stock. Therefore, for his term ending October 23, 2018, he is receiving an additional $90,000 in cash and no equity grant.

In August 2018, the Board reviewed our director compensation against market practices and determined to increase the value of the annual grant of restricted stock units to $110,000 effective with the grant made in connection with the

2018 Annual Meeting, and at the same time, increase the value of the additional restricted stock units granted to our independent Chair of the Board to $90,000. The Board also determined to increase, effective for the quarterly payments made for our second quarter of fiscal 2019, the annual cash retainers for the chairs of each Board committee by $5,000.

The following table shows, for each of the non-employee directors who served during the fiscal year ended June 30, 2018, information concerning their annual and long-term compensation earned during such fiscal year.

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Fiscal 2018 Director Compensation Table

Fiscal 2018 Director Compensation Table

Director Name	Fees Earned or Paid in Cash ($)	Stock Awards[1] ($)	Total($)
Daniel G. Beltzman	167,500	—	167,500
Virginia Gambale	23,333	59,992	83,325
David J. Grissen	77,500	89,993	167,493
Mark S. Light	70,000	89,993	159,993
Michael J. Merriman	83,750	89,993	173,743
M. Ann Rhoades	70,000	89,993	159,993
Stephen E. Watson[2]	17,500	—	17,500
David P. Williams	73,750	174,994	248,744

1Values expressed represent the aggregate grant date fair value of restricted stock units granted during fiscal 2018, 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, 2018 for a description of the assumptions used in calculating these amounts.

2Mr. Watson's term expired on October 17, 2017, as he did not stand for re-election at the 2017 annual meeting of shareholders.

The following table shows, for each of our current non-employee directors, the aggregate number of stock and option awards beneficially owned by them as of June 30, 2018:

Director Name	Aggregate Stock Awards Outstanding as of 06/30/18 (#)	Aggregate Option Awards Outstanding as of 06/30/18 (#)
Daniel G. Beltzman	17,535	—
Virginia Gambale	3,785	—
David J. Grissen	31,807	—
Mark S. Light	31,807	—
Michael J. Merriman	42,202	—
M. Ann Rhoades	20,311	—
David P. Williams	54,862	—

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APPROVAL OF ADVISORY VOTE ON COMPENSATION OF NAMED EXECUTIVE OFFICERS

Upon the 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.

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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 in the following Compensation Discussion and Analysis (CD&A) section of this Proxy Statement.

As described in the CD&A, we believe that our fiscal 2018 financial results yielded the pay-for-performance alignment that the Compensation Committee is focused on. In particular, we met or exceeded two of the three performance metrics (Incentive EBITDA and The Beautiful Group transaction) under our annual incentive plan at the maximum level of achievement, and we met the third performance metric (SmartStyle restructuring) at the target level of achievement. These accomplishments were critical to position us to take our next step forward in transforming Regis.

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 2018, 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 the 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.

APPROVAL OF ADVISORY VOTE
ON COMPENSATION OF NAMED
EXECUTIVE OFFICERS

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EXECUTIVE COMPENSATION
Compensation Discussion and Analysis

The Starting Point

In November 2015, Regis Corporation's stock hit a multi-year high of $18.04.
In May 2017, just as our new CEO was joining the Company, it hit a multi-year low of $9.13.

Our fiscal 2018 pay plans, which we describe in this section, reflected our need to redirect the Company. Our pay focused on near-term, top-talent recruitment and retention, the rapid execution of key elements of our turnaround, and stock price improvement.

Our fiscal 2019 pay plans, which we also summarize in this section, reflect our belief that different plans are needed to propel the Company toward the future.

Our People

At Regis, we enable hundreds of people to become small business owners through our franchise system. Our ownership culture reflects our belief that leadership should be enabled throughout the Company and owners have reason to be leaders.

As required by law, we provide you the following information concerning the basic objectives, principles, decisions, material elements, processes, amounts and rationale underlying the compensation and of our Named Executive Officers ("NEOs"). For fiscal 2018 our NEOs are:

Name	**Title**	**Period of Employment**
Hugh E. Sawyer	President and Chief Executive Officer	April 2017 - present
Andrew H. Lacko	Executive Vice President and Chief Financial Officer	July 2017 - present
Eric A. Bakken	Executive Vice President and President - Franchise	January 1994 - present
Jim B. Lain	Executive Vice President and Chief Operating Officer	November 2013 - present
Rachel Endrizzi	Senior Vice President and Chief Marketing Officer	December 2004 - present
Annette L. Miller	*Former* Senior Vice President and Chief Merchandising Officer	December 2014 - December 2017
Andrew W. Dulka	*Former* Senior Vice President and Chief Information Officer	July 2012 - November 2017

Real ownership matters to us —

hence our emphasis in our fiscal 2019 pay plans on executives' purchases of shares with their own money and our longer-than average ownership requirements. This belief in owners' importance is also evidenced by the number of engagements we directors have had—on our own—with major shareholders.

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Much of our fiscal 2018 pay story, indeed, is about attracting, positioning and supporting the right people. Since our recruitment of a highly regarded turnaround CEO just before the fiscal year started, we:

•Promoted Eric Bakken to President - Franchise

•Appointed Andrew Lacko as EVP and CFO

•Promoted James Suarez to VP, Creative

•Appointed Kathryn Shawn Moren as SVP and CHRO

•Appointed Amanda P. Rusin as SVP, General Counsel and Corporate Secretary

• Promoted Kersten Zupfer to SVP and Chief Accounting Officer

•Appointed Chad Kapadia as EVP, Chief Technology Officer and Head of Product Engineering

•Promoted Laura Alexander to SVP, Merchandise

Our 2018 Pay Plan was designed to support our people, our financial and transformational objectives, and our delivery of shareholder value.

Our fiscal 2018 pay plans were tailored to:

•Help us get the right people in the right positions

•Retain our leaders during the challenging restructuring period

•Incentivize achieving our key transactional and post-transactional implementation and performance goals

• Align interests to grow our franchise program and the restructuring of our non-performing Company-owned salons

•Create a platform for delivering sustainable shareholder value while working our way through a transformation

The following table lays out each major element of our fiscal 2018 pay plans.

Element	Form	Metric	Performance Period	Objective
Base Salary	Cash	Fixed	N/A	

				Provide a base level of compensation for executive talent
Annual Non-Equity Cash Incentive (“Bonus”)	Cash	Incentive EBITDA[1] (60%) The Beautiful Group Transaction[1] (20%) SmartStyle Restructuring[1] (20%)	1 year	Motivate executives to meet and exceed objectives aligned with our annual strategic plan
Long-Term Incentive Compensation	Performance Stock Units (PSUs) 60%	End-of-Period Share Price[1]	3 years	Provide market-competitive equity-based compensation opportunities that enhance executive retention while aligning interests of executives and shareholders
	Restricted Stock Units (RSUs) 40%	Time-Based Vesting (value driven by stock price)	Vest ratably over 3 years	

1Change for fiscal 2018.

The members of the Compensation Committee focused on tying PSUs to share-price enhancements. We set performance goals based on achieving End-of-Period Share Price goals corresponding to a year-over-year Compound Annual Growth Rate (“CAGR”) measured against a baseline stock price over three years of 10% (at target) and 20% (at maximum). For purposes of these awards we defined an End-of-Period Share Price target as the volume-weighted average closing price

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EXECUTIVE COMPENSATION Discussion and Analysis

of our common stock across the 50 trading days that end on July 31, 2020. This goal aligns with our focus on creating shareholder value, and we chose this metric largely in recognition that earnings per share goals, as used in fiscal 2017, would be challenging to set in the midst of a transformation.

When setting executive compensation for fiscal 2018, the Committee set challenging performance expectations related to Incentive EBITDA, The Beautiful Group Transaction progress and results, the SmartStyle Restructuring progress and results and stock price growth. Executive pay opportunities were, once again, delivered primarily through performance-based elements of pay.

At our 2017 annual meeting, over 98% of our shares voted were cast in favor of our executive compensation program. We believe that our continuing shareholder engagement and incorporation of shareholder feedback into our compensation program have been important to our being able to design and present plans that receive strong shareholder support.

Summary of the Fiscal 2019 Plan

Our New and Innovative 2019 Pay Plan Supports an Ownership and a Pay-For-Performance Culture

What We Wanted

As we, the members of Regis Corporation's Compensation Committee, began the process of creating our compensation plans for fiscal 2019, we recognized that the Company's situation has evolved substantially during fiscal 2018.

We started out with some fundamental principles:

•**We wanted Regis's employees** to do more than think like owners—we wanted them to be owners, and **to invest their own funds to become owners**.

•We wanted compensation to reward the achievement of financial goals as well as individual objectives tied to the achievement of the key elements of a long-term strategy.

•**We wanted to engage with our shareholders before we adopted our plan** to benefit from and incorporate their wisdom into our plan design.

The Journey was as Unusual as the Plan

Members of our compensation committee then set out to have individual conversations with senior stewardship/proxy voters at our large shareholders, human capital thought leaders, senior executives of highly regarded companies, and compensation experts at leading proxy advisors.

Our directors conducted these meetings without members of management present. Our directors asked shareholders to direct them to the best-designed plans and the most significant shareholder position papers, which they then read. Our directors collected and analyzed this input to create the framework of a new plan. As part of this effort, we also hired a new compensation consultant, who was willing to enable and support our creativity. They then worked closely with the board to shape a plan that suited our Company with its current set of risks and opportunities.

What Changed

•Under our fiscal 2019 compensation plan, **executives will no longer receive automatic annual equity grants. Instead, each eligible executive will receive a single, larger initial equity grant at the outset of a five-year period and will not expect to receive additional automatic annual grants for the remainder of the period.**

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Under our matching share program, participants may elect to contribute up to half of their earned annual short-term cash incentive, net of normalized tax withholding (“bonus”) to purchase shares of our common stock; the Company will provide a matching grant of RSUs with a value equal to 200% of their contribution to the plan (before deducting any related or normalized tax withholding). These RSUs are subject to a five-year cliff vesting condition and participants are also required to hold their underlying purchased shares for the same five-year period. To help build executives’ ownership position at the outset of our new program, we implemented an “early participation program” where eligible executives can elect to use up to half of their target 2018 bonuses, net of normalized tax withholding, to purchase shares and receive a matching RSU grant valued at up to 100% of their contribution (before deducting any related or normalized tax withholding), subject to the same cliff vesting requirement.

The initial equity grant is targeted at being three and one-half times the value of the executives’ 2018 grant. Three-quarters of such grant will be in the form of performance shares, which require the Company’s achievement of a three-year stock price performance goal, after which award recipients must wait an additional two years (until the fifth anniversary of the grant) to achieve vesting. The remainder of the grant will be in the form of RSUs that will cliff-vest after three years. The annualized value of the initial equity grant over the five-year period equates to approximately 70% of the 2018 annual grant.

Therefore, if executives do not participate in the matching share program, their five-year pay will be below what they would have received under the fiscal 2018 program. Executives who choose to make a personal investment in shares of our common stock through the matching share program may receive greater awards through stock price appreciation than was provided under our former program.

Our fiscal 2019 pay plan’s link to performance is enhanced by the fact that maximum investments in the matching share program are tied to earned bonus payouts. Eligible executives who elect to contribute 25% of their earned bonus, net of normalized tax withholding, to purchase shares will receive a 100% match on their contribution (before deducting any related or normalized tax withholding); similarly executives who elect to contribute 50% of their earned bonus, net of normalized tax withholding, to share purchases will receive a 200% match on their contribution (before deducting any related or normalized tax withholding). The maximum matching grant opportunity will be lower in years of below-target payout, and higher in years of strong performance.

We believe it is also significant that **our fiscal 2019 pay plan has a much longer-term focus than the plan it replaces.** No equity will vest until three years after the date of the initial grant and the majority is subject to a relatively lengthy five-year cliff-vesting schedule. In contrast, under our fiscal 2018 plan, RSUs vested one-third per year over a three-year period, while performance awards were earned and vested at the end of three years. In addition, under the new 2019 plan, our CEO must hold all his shares that are granted to him pursuant to the new 2019 plan until he retires from service to Regis Corporation.

We believe our termination provisions are also aligned with shareholders’ interest: prior to the third anniversary of the grant date **initial RSUs and PSUs will be forfeited in the event of voluntary termination, termination for cause, termination without cause** (if the current CEO is CEO at the time of a participant’s termination and the terminated participant’s position has not been eliminated by the Company), **or retirement**. In other limited circumstances, and only if applicable performance goals are satisfied, awards may be prorated over the vesting period. Termination provisions for awards to our CEO align with these principles, but will be modified slightly to conform with the terms of his employment agreement.

In addition to our short-term bonus payments being tied to the achievement of clear financial goals, and in addition to the effects that real ownership produces, we believe our fiscal 2019 equity-based plan focuses our leaders on sustainable, long-term performance in ways including these:

•A five-year time frame is long enough for managers to experience the effects of their decision making

•The extended duration of the plan means management will almost always have significant amounts of unvested equity, discouraging poaching, encouraging retention, and minimizing the impact on shareholders if we part ways with non-performing executives.

•Management can only earn their up-front PSU grant if Regis' stock price increases to the target.

The Committee believes that our fiscal 2018 compensation plan, that we will return to now, has put us in a position to be able to take this significant new step forward.

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EXECUTIVE COMPENSATION Discussion and Analysis

How We Design Executive Pay

Compensation Philosophy

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.

The Committee 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.

•For fiscal 2018, the Committee incentivized management to drive increases in Incentive EBITDA, as it believed EBITDA served as an important indicator of underlying operational performance and profitability. EBITDA received slightly less emphasis in fiscal 2018 relative to prior years, due to the Committee's focus on our business transformation.

•For fiscal 2018, the Committee incentivized management to drive our business transformation, as it believed our business transformation initiatives will help advance our aspiration to build a high-performing business. As a result, the Committee replaced same-store sales metrics with business transformation metrics.

•For fiscal 2018, the Committee continued its emphasis on performance awards and full-value awards in its long-term incentive program. Long-term awards continued to be made up of two components (60% PSUs and 40% RSUs).

•For fiscal 2018, the Committee adopted a new performance measure for the PSUs. This performance measure is End-of-Period Share Price, and the Committee set performance goals corresponding to CAGR ranging from 10% to 20% per year over three years. The Committee determined to use End-of-Period Share Price, instead of earnings per share as done in fiscal 2017, in part because of the challenges associated with setting earnings per share goals in the midst of our business transformation.

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

The Committee considers compensation in the external market as one factor in its executive compensation decisions, examining both relevant broad retail industry data and data from a group of companies it considers its peers. At the beginning of fiscal 2017, with the assistance of its former independent compensation consultant, Willis Towers Watson, the Committee reviewed and revised the list of companies in its peer group set forth below, which was first selected in 2013.

Boyd Gaming Corp.	Fossil Group, Inc.[3]	Penn National Gaming, Inc.	
Brinker International, Inc.	Fred's, Inc.	Revlon, Inc.	
Buffalo Wild Wings, Inc.[1]	Jack in the Box, Inc.	Ruby Tuesday, Inc.[6]	The Cheesecake Factory, Inc.
Cracker Barrel Old Country Store	Outerwall, Inc.[4]	Sally Beauty Holdings, Inc.	Ulta Beauty, Inc.
Dine Brands Global, Inc.[2]	Panera Bread Co.[5]	Service Corporation International	

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1As of February 5, 2018, Buffalo Wild Wings, Inc. operates as a subsidiary of Arby's Restaurant Group, Inc.

2Formerly known as DineEquity, Inc.

3Fossil Group, Inc. is excluded for purposes of benchmarking Chief Executive Officer compensation because its chief executive officer does not receive any annual compensation.

4As of 2016, Outerwall, Inc. was acquired by Apollo Global Management LLC.

5As of July 28, 2017, Panera Bread Co. operates as a subsidiary of Rye Parent Corp.

6As of December 21, 2017, Ruby Tuesday, Inc. was taken private.

Role of the Compensation Committee

The Committee is charged with developing and administering the base salary, annual and long-term incentives, 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

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 was not present during deliberations and voting regarding his own compensation or during other executive sessions of the Committee.

Role of the Independent Compensation Consultant

Throughout fiscal 2018, the Committee used Pay Governance as an independent consulting firm to provide executive compensation consulting services to the Committee. The Committee assessed Pay Governance's independence pursuant to applicable SEC rules and concluded that no conflict of interest exists that would prevent Pay Governance from independently representing the Committee.

Throughout fiscal 2018, Pay Governance worked with the Committee and management to establish incentive plan designs, supported the Committee with shareholder engagement efforts, and assisted the Committee on other activities in support of its responsibilities as set forth in its charter. During fiscal 2018, CamberView Partners, LLC, a consulting firm, also assisted the Committee with shareholder outreach by among other things creating presentation materials. The Chair of the Committee worked directly with Pay Governance to determine the scope of the work needed to assist the Committee in its decision-making processes. Pay Governance 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.

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EXECUTIVE COMPENSATION Discussion and Analysis

Elements of the Executive Compensation Program in Fiscal 2018

Target Compensation Mix for Fiscal 2018

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 compensation for Mr. Sawyer, our CEO, is not directly comparable to his compensation in 2017 or to the compensation of the other named executive officers due to the terms of his employment agreement (discussed below under "Compensatory Arrangements with Mr. Sawyer"), under which he was first eligible to receive an annual non-equity incentive award in 2018 and is first eligible to receive a long-term incentive award in fiscal 2019. Compared to fiscal 2017, target total compensation for the other NEOs remained relatively flat in fiscal 2018, as discussed below.

Base Salary Decisions for Fiscal 2018

The Committee, assisted by its independent compensation consultant, did not increase base salaries for fiscal 2018, except for Ms. Endrizzi. In fiscal 2017, the Committee increased the base salaries of most of our NEOs. Previously, base salary was generally flat from fiscal 2013 through fiscal 2016, absent promotions and newly hired executives.

Base salaries for our NEOs for fiscal 2018 were as follows:

Name	Base Salary at June 30, 2017 (Annualized) ($)	Base Salary at June 30, 2018 (or Date of Termination, if earlier) (Annualized) ($)	Increase (%)
Hugh E. Sawyer	950,000	950,000	—
Andrew H. Lacko	—[1]	495,000	N/A
Eric A. Bakken	495,000	495,000	—
Jim B. Lain	400,000	400,000	—
Rachel Endrizzi	275,000	300,000[2]	9
Annette L. Miller	375,000	375,000	—
Andrew W. Dulka	300,000	300,000	—

1Mr. Lacko was appointed Executive Vice President and Chief Financial Officer on July 1, 2017.

2Effective November 1, 2017.

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Annual Incentive Decisions for Fiscal 2018

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 earned by our NEOs for fiscal 2018 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 amounts are established by the Committee as a percentage of base salary. Fiscal 2018 target AIC was flat year-over-year for the continuing executives, except for Mr. Bakken whose target AIC increased from 60% of base salary in fiscal 2017 to 75% of base salary in fiscal 2018 in connection with his promotion to President - Franchise. Mr. Sawyer was first eligible to earn an annual non-equity incentive award in fiscal 2018, pursuant to his employment agreement.

Name	Target AIC (as a Percentage (%) of Salary)	Target AIC ($)
Hugh E. Sawyer	115	1,092,500
Andrew H. Lacko	60	297,000
Eric A. Bakken	75	371,250
Jim B. Lain	60	240,000
Rachel Endrizzi	50[1]	145,833
Annette L. Miller	50	187,500
Andrew W. Dulka	50	150,000

1Ms. Endrizzi's target AIC as a percentage of base salary remained flat, but her base salary increased from $275,000 to $300,000 effective November 1, 2017, resulting in a pro-rated target AIC of $145,833.

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 2018, the Committee established the following metrics:

Performance Measure	Weighting	Performance Goal		Award Multiplier
Incentive EBITDA	60%	Maximum	$94.5 M	200%
		Target	$82.5 M	100%
		50% of Threshold	$79.9 M	50%
		Threshold	$77.3 M	0%

The Beautiful Group Transaction	20%	Maximum	Closing and Satisfaction of 2 SOWs (as defined below)	200%
		150% of Target	Closing and Satisfaction of 1 SOW	150%
		Threshold and Target	Closing of The Beautiful Group Transaction	100%
SmartStyle Restructuring	20%	Maximum	Closing and increasing SmartStyle 4-wall EBITDA for fiscal 2018 by at least $4M compared to fiscal 2017 4-wall EBITDA	200%
		Threshold and Target	Closing of SmartStyle Restructuring	100%

In fiscal 2018, the Committee determined to focus on our business transformation goals by replacing same-store sales metrics with business transformation metrics and slightly decreasing the emphasis on EBITDA, as described above. For The Beautiful Group Transaction, the Committee set goals based on closing on the sale of substantially all of our mall-based salons in North America and substantially all of our international business to a new, single franchisee, The Beautiful Group, in addition to goals related to the level of services the Company provides to The Beautiful Group for mall-based salons in North America for fiscal 2018. For the SmartStyle restructuring, the Committee set goals based on closing certain of our non-performing Company-owned SmartStyle salons, as well as goals related to SmartStyle EBITDA for fiscal 2018, reflecting an emphasis on incremental profitability of remaining SmartStyle operations.

In setting the metrics for fiscal 2018, the Committee defined Incentive EBITDA as the Company's Adjusted EBITDA, as reported, after payment of the short-term incentive, and reflecting adjustment for favorable or unfavorable impacts of extraordinary, unusual, infrequent or non-recurring items and other similar items as permitted by the plan over the performance period, including, but not limited to, for fiscal 2018: the impact of hurricanes, The Beautiful Group Transaction costs, SmartStyle Restructuring costs, overhead/general and administrative restructuring costs and fees for shareholder engagement consultant. 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) including, for fiscal 2018, discrete items that arise during the course of the year, severance charges incurred in strategically reorganizing our teams in the field and position eliminations, tax charges or benefits arising from regulatory audits, unusual costs associated with labor or employment claims and issues, impacts from new labor overtime rules in excess of budgeted amounts, sales of divisions or businesses, impact of Affordable Care Act auto-enrollment, and foreign currency gains or loss variances from budgeted assumptions.

The Committee defined a "SOW" related to The Beautiful Group Transaction as the statements of work regarding (i) Human Resources and Payroll Services and (ii) Point of Sale Services contained in the Master Franchise Agreement, dated October 1, 2017, as the same may be amended from time to time, between the Company, Regent (an affiliate of The Beautiful Group) and its affiliates. Pursuant to the SOWs, the Company undertook to provide specified services to Regent with respect to the mall-based salons in North America. Satisfaction of each SOW shall be achieved if Huron Business Advisory, as an independent third-party advisor, determines that the services provided under (i) and (ii) above were provided in a manner consistent with (or in excess of) the description of services in each SOW for the period from October 1, 2017 through June 30, 2018.

Fiscal 2018 performance against the metrics set forth (right) resulted in the executives earning AIC payouts at 180% of target based on the following performance results, and the corresponding AIC payments below:

•Incentive EBITDA of $95.6 million — exceeded maximum requirement of $94.5 million

•Closing and satisfactions of 2 SOWs related to The Beautiful Group Transaction — met maximum requirement

•Closing of SmartStyle Restructure — met target requirement

	Actual AIC ($)
Hugh E. Sawyer	1,966,500
Andrew H. Lacko	534,600
Eric A. Bakken	668,250
Jim B. Lain	432,000
Rachel Endrizzi	262,499
Annette L. Miller	—
Andrew W. Dulka	—

Long-Term Incentive Decisions for Fiscal 2018

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. Therefore, LTI represented 34% of the NEOs' compensation, on average, other than the CEO. Pursuant to his employment agreement, Mr. Sawyer received sign-on equity award grants in April 2017 and is first eligible to earn LTI under our 2016 Long-Term Incentive Plan (the “2016 Long-Term Plan”) in fiscal 2019. The Committee set the value of LTI awards to our then-current NEOs at the beginning of fiscal 2018 as follows:

	Target Value of Long-Term Incentive($)
Hugh E. Sawyer	—
Andrew H. Lacko	400,000
Eric A. Bakken	500,000
Jim B. Lain	400,000
Rachel Endrizzi	200,000
Annette L. Miller	250,000
Andrew W. Dulka	250,000

For fiscal year 2018, the Committee did not change the targeted long-term incentive mix for the NEOs, which remained at 60% PSUs and 40% RSUs, keeping the performance-based element of the program (PSUs) the majority of the weight, while recognizing that a time-based element will drive retention during the business transformation.

We use the term performance stock units, or PSUs, to denote grants of stock units that are earned based on the achievement of the performance goals established by the Committee. PSUs granted in fiscal 2016 and earlier had a one-year performance period, after which any earned units had an additional two-year service-based vesting requirement, prior to settling in shares of stock. Beginning with PSUs granted in fiscal 2017, and continuing in fiscal 2018, the PSUs have a three-year performance period, at which time any earned units settle in shares of stock.

All of our long-term equity incentive compensation awards since fiscal 2017 were granted pursuant to our 2016 Long-Term Plan. For our equity awards, the grant date for the awards is the date the grant becomes effective. The terms of these awards are described in more detail below in the narrative accompanying the Grants of Plan-Based Awards in 2018 table.

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Upon grant, LTI awards to our NEOs for fiscal 2018 were as follows:

	60% PSUs (# Granted)	40% RSUs (#)	Total Value (at Target)[1] ($)
Hugh E. Sawyer[2]	—	—	—
Andrew H. Lacko	18,072	12,048	400,000
Eric A. Bakken	22,590	15,060	500,000
Jim B. Lain	18,072	12,048	400,000
Rachel Endrizzi	11,295	6,024	200,000
Annette L. Miller[3]	11,295	7,530	250,000
Andrew W. Dulka[3]	11,295	7,530	250,000

1Number of units was determined based on share value on August 31, 2017.

2Pursuant to his employment agreement Mr. Sawyer received sign-on equity award grants in April 2017 and is first eligible to earn LTI under our 2016 Long-Term Plan in fiscal 2019.

3The fiscal 2018 PSUs granted to Ms. Miller and Mr. Dulka were forfeited upon their termination of employment.

For fiscal year 2018, the Committee changed the performance measure used in the PSUs to End-of-Period Share Price, meaning the volume-weighted average closing price of the Company's common stock across the 50 trading days that end on July 31, 2020. The Committee made this change because this measure directly aligns with creating shareholder value and, when measured over a three-year period, will encourage sustained value creation and pay-for performance.

The fiscal 2018 PSUs have a three-year performance period with performance assessed as of July 31, 2020. After conclusion of the performance period, the number of PSUs earned will vest immediately upon certification by the Committee. The number of units earned will depend on the extent to which performance goals are attained, as follows (with interpolation between):

Performance Measure	Extent to which Performance Goal is Reached	End of Period Price	Award Multiplier to # of Units Earned
End-of-Period Share Price	Maximum (20% CAGR)	$22.95	200%
End-of-Period Share Price	Target (10% CAGR)	$17.68	100%

The Committee established the target for the fiscal 2018 PSUs with reference to the CAGR that would be achieved from a baseline stock price.

Other Compensatory Decisions Applicable to Fiscal 2018

During the past couple of years, our Company experienced numerous meaningful changes, which the Board and Committee believe will ultimately help position the Company for future success. Most critically, we announced a strategic shift to accelerate and expand our franchise model. In an effort to support retention of key talent and incentivize successful efforts to expand the franchise model and reduce the number of Company-owned salons that we manage, the Committee approved the following arrangements:

Changes to Severance Program

In January 2017, the Committee adopted a temporary policy under which employees who are terminated by the Company without cause (or resign for good reason) through August 31, 2018 are entitled to accelerated vesting of unvested RSUs and SARs. This includes acceleration or payment in cash for the value of any earned but unvested PSUs that would otherwise be forfeited upon an executive's involuntary termination without cause, as they remained subject only to time-based vesting requirements. The Committee determined, at the discretion of the CEO (or in the case of our CEO, the Committee), that such payments were equitable because the performance conditions had been satisfied during the executive's leadership. The Committee implemented this change to reinforce our focus on strong execution during a critical turnaround period, despite the dynamic nature of our organizational structure.

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EXECUTIVE COMPENSATION Discussion and Analysis

At the same time, the Committee provided that any future severance payments would be paid in a lump sum upon termination, rather than as salary continuation (whenever feasible without adverse tax consequences to the employee), and that, for employees with employment agreements under which cash severance would be offset by earnings from other employment, the Committee provided that cash severance would no longer be offset by earnings from non-competitive employment (as determined according to the terms of their employment agreement). These changes were also adopted to incentivize executives to remain with the Company through its transformation in spite of the uncertainty caused by strategic change.

These policy changes do not apply to Mr. Sawyer, as specified in his employment agreement.

Special Incentive Program Based on Franchise Goals

The Committee also adopted a supplemental performance-based cash retention program in fiscal 2017 for certain leaders below the CEO level, to align their compensation with the strategic emphasis towards the growth of our franchise business and to maintain continuity during a critical 18-month period in our transformation. The NEOs who are eligible, and the maximum amounts they may earn under this program, are as follows:

	Maximum Value of Special Retention Incentive ($)
Eric A. Bakken	445,500
Jim B. Lain	360,000
Rachel Endrizzi	131,300
Annette L. Miller	281,300
Andrew W. Dulka	225,000

The actual amount earned depends on the achievement of certain objectives related to our franchise business during the 18-month period from January 1, 2017 to June 30, 2018. The achievement of these objectives would represent a more than five-fold increase in the pace of sales of Company-owned salons to franchisees.

If participants are involuntarily terminated without cause (including termination for Good Reason), whether or not in connection with a change in control, or due to a participant’s death or disability, they would receive a payout after the end of the performance period based on the Company’s actual results. Participants who voluntarily terminate employment forfeit their right to an award. Any bonus received under this program would be in addition to any amounts received pursuant to the Company’s annual incentive plan.

During the 18-month period, the Company completed the sale of more than 500 Company-owned salons to new or existing franchisees, exceeding the 500-salon requirement corresponding to the maximum level of payout. Accordingly, the awards were paid out at maximum in August to the NEOs employed at that time. For Ms. Miller and Mr. Dulka, the awards were forfeited pursuant to the terms of their separation agreements.

Other Outstanding Awards

From time to time, the Committee may also make equity grants in other circumstances, such as recruiting new executive talent, upon the promotion of an executive, and to retain key individuals. During the past three fiscal years, we have made the following special grants, which remained outstanding as of June 30, 2018. These are also reflected in the Outstanding Equity Awards table below.

•Sign-on Equity Awards to Mr. Lacko in July 2017, as detailed below under "Compensatory Arrangements with Mr. Lacko."

•Sign-on Equity Awards to Mr. Sawyer in April 2017, as detailed below under "Compensatory Arrangements with Mr. Sawyer."

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 2018 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).

Governance Policies and Additional Compensation-Related Items

We believe in holding ourselves to a high standard of ethics, transparency, and accountability. Accordingly, we have adopted corporate governance practices and policies that in many cases go beyond SEC and stock exchange requirements to reflect emerging best practices.

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	During fiscal 2017, we amended our "clawback" policy so that it permits us to recover certain equity as well as cash incentive payments from executive officers whose misconduct or negligence resulted in a significant financial restatement.
Limited 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 froze the benefits under our supplemental retirement benefit plan as of June 30, 2012, as well as certain executive life insurance benefits. Mr. Bakken is the only currently employed NEO who so qualifies.
Stock Ownership Guidelines	We have meaningful stock ownership guidelines for our executives, discussed in more detail below.
Hedging Restrictions/Prohibitions	Our insider trading policy prohibits our employees, officers and directors from engaging in transactions that "hedge" their investments in our stock.
Pledging Restrictions/Prohibitions	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	Pay Governance advised our independent Compensation Committee during fiscal 2018.
Risk Assessment	We consider risk in our compensation programs and periodically conduct a risk assessment, which is led by our independent compensation consultant.
Annual Say-on-Pay Vote	We offer our shareholders the opportunity to cast an advisory vote on our executive compensation every year.
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 our 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

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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.

As set forth in the table to the right, of our currently employed NEOs, the following individuals did not hold stock greater than our stock ownership policy minimum as of June 30, 2018: Mr. Sawyer, who joined our Company in April 2017 and whose sign-on equity awards are not counted as they are subject to pending performance-based vesting conditions; Mr. Lacko, who joined our Company in July 2017; and Ms. Endrizzi, who was promoted to Senior Vice President and Chief Marketing Officer in May 2017. See "Compensatory Arrangements with Mr. Sawyer" for more detail on Mr. Sawyer's awards.

	Stock Ownership Guideline	**Current Ownership Level**
Hugh E. Sawyer	3x	0.2x
Andrew H. Lacko	2x	1.5x
Eric A. Bakken	2x	3.2x
Jim B. Lain	2x	3.1x
Rachel Endrizzi	1x	0.9x

The Nominating and Corporate Governance Committee is responsible for measuring and monitoring compliance with these guidelines.

Employment Agreements and Post-Employment Compensation

Each of the NEOs named in this Proxy Statement is party to a written employment agreement with the Company, with the exception of Mr. Lacko. Pursuant to their employment agreements, all of our eligible 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, conditioned upon signing and not rescinding a release of claims and compliance with the restrictive covenants in the employment agreement.

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."

Deductibility of Executive Compensation

Code Section 162(m) as in effect prior to the enactment of tax reform legislation in December 2017 generally disallowed a tax deduction to public companies for compensation of more than $1 million paid in any taxable year to each “covered employee,” consisting of the CEO and the three other highest paid executive officers employed at the end of the year (other than the CFO). Performance-based compensation was exempt from this deduction limitation if the Company met specified requirements set forth in the Code and applicable Treasury Regulations.

Recent tax reform legislation retained the $1 million deduction limit, but repealed the performance-based compensation exemption from the deduction limit and expanded the definition of “covered employees,” effective for taxable years beginning after December 31, 2017, which will apply to the Company’s tax year beginning July 1, 2018. “Covered employees” will now also include any person who served as CEO or CFO at any time during a taxable year, as well as any person who was ever identified as a covered employee in fiscal 2018 or any subsequent year. Consequently, compensation paid in fiscal 2019 and later years to our NEOs in excess of $1 million will not be deductible unless it qualifies for transitional relief applicable to certain binding, written performance-based compensation arrangements that were in place as of November 2, 2017.

The Committee generally intends to continue to comply with the requirements of Section 162(m) as it existed prior to the tax reform legislation with respect to performance-based compensation in excess of $1 million payable under outstanding awards granted before November 2, 2017, including incentive compensation that was awarded under our Short-Term Plan and SARs and PSUs awarded under our 2016 Long-Term Plan in order to qualify them for the transitional relief. However, no assurance can be given that the compensation associated with these awards will qualify for the transitional relief, due to ambiguities and uncertainties as to the application and interpretation of newly revised Section 162(m) and the related requirements for transitional relief and the Company reserves the right to take actions that may result in the loss of a deduction if it determines that doing so is advisable based on all relevant facts and circumstances.

The Committee continues to believe that shareholder interests are best served if its discretion and flexibility in structuring and awarding compensation is not restricted, even though some compensation awards may have resulted in the past, and are expected to result in the future, in non-deductible compensation expenses to the Company. The Committee’s ability to continue to provide a competitive compensation package to attract, motivate and retain the Company’s most senior executives is considered critical to the Company’s success and to advancing the interests of its shareholders.

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) 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.

Daniel G. Beltzman, Chair
Virginia Gambale
Mark S. Light
Michael J. Merriman
M. Ann Rhoades
Members of the Compensation Committee

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Executive Compensation Tables

Summary Compensation Table

The following table shows, for each person who served as our principal executive officer and principal financial officer in fiscal 2018, the three other most highly compensated executive officers in fiscal 2018 who were still serving as such on June 30, 2018, and two additional persons who would have been among the three other most highly compensated executive officers but for the fact that they were no longer executive officers on June 30, 2018 (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, 2018, 2017, and 2016.

Name and Principal Position	**Year**	**Salary ($)**	**Bonus[2] ($)**	**Stock Awards[3] ($)**	**Option Awards[3] ($)**	**Non-Equity Incentive Plan Compensation[4] ($)**	**Change in Pension Value and Nonqualified Deferred Compensation Earnings[5] ($)**	**All Other Compensation[6] ($)**	**Total ($)**
Hugh E. Sawyer	2018	950,000	—	—	—	1,966,500	—	161,832	3,078,332
President and Chief Executive Officer	2017	197,917	585,000	730,044	3,680,000	—	—	4,682	5,197,643
Andrew H. Lacko									
Executive Vice President and Chief Financial Officer[7]	2018	527,000	125,000	786,851	—	534,600	—	60,992	2,034,443

Eric A. Bakken	2018	527,000	—	546,076	—	1,113,750	—	33,260	2,220,086
	2017	519,500	—	399,990	—	—	—	31,625	951,115
Executive Vice President, President - Franchise, Former Interim Chief Financial Officer, General Counsel and Corporate Secretary	2016	482,000	—	239,997	160,000	334,341	142,940	73,375	1,432,653
Jim B. Lain	2018	432,000	—	436,860	—	792,000	—	6,774	1,667,634
	2017	432,000	—	399,990	—	—	—	10,465	842,455
Executive Vice President and Chief Operating Officer	2016	432,000	—	209,993	140,000	297,192	—	13,820	1,093,005
Rachel Endrizzi									
Senior Vice President and Chief Marketing Officer	2018	323,667	—	253,038	—	393,799	—	3,277	973,781
Annette L. Miller	2018	203,500	—	273,037	—	—	—	954,062	1,430,599
Former Executive Vice President and Chief Merchandising Officer[8]	2017	407,000	—	249,992	—	—	—	21,772	678,764
Andrew W. Dulka									
Former Senior Vice President, Chief Information Officer[9]	2018	115,774	—	273,037	—	—	—	752,565	1,141,376

1Includes amounts provided to the NEOs (with the exception of Mr. Sawyer) 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. Ms. Miller and Mr. Dulka received a pro-rated portion of the perquisite allowance in fiscal 2018 as their employment terminated during the year.

2The amount for fiscal 2018 for Mr. Lacko represents a sign-on payment in connection with the commencement of his employment. The amount for fiscal 2017 for Mr. Sawyer represents a sign-on payment made in connection with the commencement of his employment.

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3Values 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 for RSUs and PSUs with performance metrics other than market conditions, the Monte Carlo model for PSUs with market conditions and the Black-Scholes model for SARs. See Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the fiscal year ended June 30, 2018 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, 2018 include:

•PSUs that were granted in October 2017: Mr. Lacko—$276,863; Mr. Bakken—$346,079; Mr. Lain—$276,863; Ms. Endrizzi—$173,039; Ms. Miller—$173,039; and Mr. Dulka—$173,039 . 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. Lacko—$553,726; Mr. Bakken—$692,158; Mr. Lain—$553,726; Ms. Endrizzi —$346,078; Ms. Miller—$346,078; and Mr. Dulka—$346,078. PSUs granted to Ms. Miller and Mr. Dulka were forfeited as these individuals terminated employment prior to June 30, 2018 in accordance with the grant agreements.

The grant date fair values for stock awards for the fiscal year ended June 30, 2017 include:

•PSUs that were granted in August 2016: Mr. Bakken—$239,999; Mr. Lain—$239,999; and Ms. Miller—$149,998. 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. Bakken—$479,998; Mr. Lain—$479,998; and Ms. Miller—$299,996. PSUs granted to Ms. Miller were forfeited in accordance with her separation agreement.

•A special sign-on grant of SARs and RSUs made to Mr. Sawyer in April 2017 valued at $3,680,000 and $730,044, respectively; these awards cliff vest after two years. In the case of the RSUs, they are also subject to the satisfaction of performance goals related to the Company's stock price. Furthermore, the SARs will not become exercisable and the RSUs will not be settled until the third anniversary of the date of grant, and the SARs will be exercisable until the tenth anniversary of the date of grant.

The grant date fair values for stock awards for the fiscal year ended June 30, 2016 include:

•PSUs granted in August 2015 were earned during the performance period ended June 30, 2016 at the following amounts: Mr. Bakken—$198,126 and Mr. Lain—$173,353. The grant date fair values of these awards assumed that the target level achievement would be attained.

4Amounts represent the values earned as compensation outside of our equity incentive plans, including:

Fiscal year ended June 30, 2018:

•AIC awards under the Short Term Plan for fiscal 2018 were earned as follows: Mr. Sawyer—$1,966,500, Mr. Lacko—$534,600, Mr. Bakken—$668,250, Mr. Lain—$432,000, Ms. Endrizzi—$262,499.

•Awards under the supplemental performance-based cash retention program adopted in fiscal 2017 to align compensation with the strategic emphasis towards the growth of the franchise business during a critical 18-month period in the Company's transformation were earned in fiscal 2018 as follows: Mr. Bakken—$445,500, Mr. Lain—$360,000 and Ms. Endrizzi—$131,300.

Fiscal year ended June 30, 2016:

•AIC awards under the Short Term Plan for fiscal 2016 were earned as follows: Mr. Bakken—$334,341 and Mr. Lain—$297,192.

5Amounts represent the change in the present value of benefits under the pension plans. Mr. Bakken is the only NEO eligible for such plans. The pension value for Mr. Bakken decreased by $54,403 and $6,843 in fiscal 2018 and 2017, respectively.

6The following table sets forth All Other Compensation amounts by type:

Name	Company Match and Profit-Sharing Contribution[a] ($)	Moving / Travel Expenses[b] ($)	Severance[c] ($)	Total All Other Compensation[d] ($)
Hugh E. Sawyer	—	148,541	—	161,832
Andrew H. Lacko	—	56,075	—	60,992
Eric A. Bakken	26,400	—	—	33,260
Jim B. Lain	2,000	—	—	6,774
Rachel Endrizzi	—	—	—	3,277
Annette L. Miller	—	—	946,227	954,062
Andrew W. Dulka	7,500	—	737,619	752,565

aThe Company matches our NEOs' contributions into our retirement savings plans up to $25,000 per calendar year. Amounts greater than $25,000 are due to the difference between calendar and fiscal year compensation.

bMr. Sawyer is entitled to reimbursement of temporary housing expenses for 18 months from his start date of April 17, 2017, up to $175,000 in total, pursuant to his employment agreement. Any unspent portion will be paid to him if he remains employed after 18 months. Mr. Lacko was reimbursed $6,075 in moving expenses and $50,000 in real estate commissions since he sold his previous residence during the first year of employment, pursuant to his employment offer letter.

cMs. Miller's severance includes one times her base salary ($375,000), an amount equal to her pro-rated fiscal 2018 AIC award under the Short Term Plan based on target ($93,750), accrued vacation time as of her last day of employment ($28,846), 12 months of medical and dental continuation (up to $9,539) and, pursuant to the Committee policy adopted in January 2017 as a retention measure, equity acceleration upon a termination without cause ($263,634) and the value of her fiscal year 2016 PSUs, which were earned but not yet vested at the date of termination, valued at the closing price on her last day of employment ($175,458). See "Other Compensatory Decisions Applicable to Fiscal 2018" in CD&A.

Mr. Dulka's severance includes one times his base salary ($300,000), an amount equal to his pro-rated fiscal 2018 AIC award under the Short Term Plan based on target ($52,950), accrued vacation time as of his last date of employment ($11,539), 12 months of medical and dental continuation (up to $9,538) and, pursuant to the

Committee policy adopted in January 2017 as a retention measure, equity acceleration upon termination without cause ($231,274) and the value of his fiscal year 2016 PSUs, which were earned but not yet vested on the date of termination, valued at the closing price on his last date of employment ($132,318). See “Other Compensatory Decisions Applicable to Fiscal 2018” in CD&A.

dTotal All Other Compensation for Mr. Sawyer, Mr. Lacko, Mr. Bakken, Mr. Lain, Ms. Endrizzi, Ms. Miller; and Mr. Dulka also includes $13,291, $4,917, $6,860, $4,774, $3,277, $7,835 and $7,446 of perquisites, respectively, which primarily relate to medical benefits, including the reimbursement of co-pay and other out-of-pocket expenses and the Company employee stock purchase program.

7Mr. Lacko commenced employment on July 1, 2017.

8Ms. Miller’s employment terminated effective December 31, 2017.

9Mr. Dulka’s employment terminated effective November 6, 2017.

Grants of Plan-Based Awards in 2018

The following table sets forth certain information concerning plan-based awards granted to the Named Executive Officers during the fiscal year ended June 30, 2018. 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](#**
Hugh E. Sawyer			546,250	1,092,500	2,185,000					
Andrew H. Lacko			148,500	297,000	594,000					
	7/1/2017	6/15/2017							34,079	
	8/31/2017	8/14/2017							12,048	
	10/17/2017	10/17/2017				18,072[5]	18,072[5]	36,144[5]		
Eric A. Bakken			185,625	371,250	742,500					
	8/31/2017	8/14/2017							15,060	
	10/17/2017	10/17/2017				22,590[5]	22,590[5]	45,180[5]		
Jim B. Lain			120,000	240,000	480,000					
	8/31/2017	8/14/2017							12,048	
	10/17/2017	10/17/2017				18,072[5]	18,072[5]	36,144[5]		
Rachel Endrizzi			72,917	145,833	291,666					
	8/31/2017	8/14/2017							6,024	
	10/17/2017	10/17/2017				11,295[5]	11,295[5]	22,590[5]		
Annette L. Miller			93,750[4]	187,500[4]	375,000[4]					
	8/31/2017	8/14/2017							7,530	
	10/17/2017	10/17/2017				11,295[4]	11,295[4]	22,590[4]		
Andrew W.			75,000[4]	150,000[4]	300,000[4]					

Dulka	8/31/2017	8/14/2017				7,530
	10/17/2017	10/17/2017	11,295[4]	11,295[4]	22,590[4]	

1These amounts represent the threshold, target, and maximum non-equity incentive (bonus) amounts that could have been earn
for fiscal 2018 under the Short Term Plan, as described under “Annual Incentive Decisions for Fiscal 2018” in CD&A. Based o
the non-equity incentive awards paid out at 180% of target.

2The option and stock awards were granted under the 2016 Long Term Plan.

3Amounts are computed in accordance with FASB ASC Topic 718.

4The amounts for Ms. Miller and Mr. Dulka represent the bonus opportunities they would have been eligible to receive if they
employed for the entire fiscal year. Pursuant to their separation agreements and the circumstances of their termination of emplo
and Mr. Dulka were entitled to receive a pro-rated payout of their target award based on the portion of the year during which th

5These amounts represent the threshold, target and maximum number of PSUs that were available to our executives with respe
PSU awards for the performance period ended June 30, 2020 as described under “Long-Term Incentive Decisions for Fiscal 20

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Summary of Terms of Equity Awards

The terms of the equity awards granted as part of the long-term incentives for fiscal 2018 are summarized below:

•**Performance Stock Units—**PSUs are grants of restricted stock units that are earned based on the achievement of the performance goals established by the Committee. After the performance period, the participant receives a number of restricted stock units equal to the original number of PSUs granted multiplied by the award multiplier that corresponds to the performance that was attained. The fiscal 2018 PSUs have a three-year performance period with performance assessed as of July 31, 2020, after which they will vest to the extent earned, as described above in the CD&A under "Long-Term Incentive Decisions for Fiscal 2018." In the event of a termination of employment, unvested PSUs are generally forfeited; provided, however, that a pro-rated amount of the fiscal 2018 PSUs will vest at the target level upon a participant's death or disability, or upon a Change in Control (as defined in the 2016 Long-Term Plan). In addition, a pro-rated amount of the units will vest 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), or if a participant is terminated by the Company without Cause after July 1, 2018. The PSUs earn dividend equivalents, but have no voting rights.

•**Restricted Stock Units—**RSUs 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 RSUs 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 PSUs). The RSUs earn dividend equivalents, but have no voting rights.

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Executive Compensation Tables

Outstanding Equity Awards at 2018 Fiscal Year-End

The following table sets forth certain information concerning outstanding equity awards held by the Named Executive Officers at June 30, 2018.

Name	Option Awards				Stock Awards[1]			
	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] ($)
Hugh E. Sawyer	—	1,000,000[4]	11.15	4/17/2027				
					89,686[5]	1,483,406		
	—	—	—	—				
					34,079[6]	563,667		
					12,048[7]	199,274		
							18,072[8]	298,911
Eric A. Bakken	15,500	—	19.14	4/30/2019				
	4,200	—	18.90	4/29/2020				
	4,200	—	16.60	4/28/2021				
Andrew H. Lacko	22,250	—	18.01	8/31/2022				
	26,578	—	15.78					