

TO OUR SHAREHOLDERS

Throughout the economic downturn, retailers, service providers and even healthcare professionals report that their customers and clients are simply visiting less often. Consumers are delaying retail purchases, dentist appointments and medical tests; they are dining out less frequently. The same is true for the salon industry. Our customers are saving money by visiting our salons and those of our competitors less often.

During this challenging time, we have taken aggressive action to strengthen our balance sheet, improve our leverage ratios and significantly reduce the risk associated with our loan covenants. We have substantially lowered our debt, improved our cash flow and reduced expenses. These measures played an important role in achieving our 2010 fiscal year financial results.

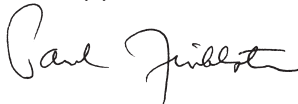
Going forward our focus will be on top-line growth and increasing market share. There is a significant opportunity to enhance the overall customer experience. We believe our customer service and communication programs, marketing and salon revitalization efforts will help mitigate the adverse effects of our current economy.

Regis is a great business that provides consumers an affordable necessity. We are highly predictable, the quintessential replenishment business with no risk of technological obsolescence. We are well positioned with a portfolio of affordably priced salons located in prime retail locations. With a four percent market share in North America and a two percent share worldwide, there is no ceiling with respect to our growth opportunities. We have a proven financial model for both new builds and acquisitions. It is inevitable that customer visits will stabilize and when they do, we will resume our growth strategy; patience and time are the only issues. We continue to remain bullish about our future prospects.

Our Board of Directors continues to evaluate our options to enhance shareholder value. As part of this effort to increase value, we announced on August 4, 2010 that our Board of Directors authorized the exploration of strategic alternatives available to our Company. We will report to you if and when the Board of Directors approves a specific course of action.

Throughout this difficult economic period, Regis' dedicated employees have demonstrated an incredible amount of resilience and creativity in adapting to the changes we have faced and we thank them for their ongoing commitment to the Company. I would also like to thank our Board of Directors for their continued guidance and wisdom and our shareholders for their continued confidence and support.

Sincerely yours,



Paul Finkelstein

Chairman of the Board, President and Chief Executive Officer
Regis Corporation