Alberto-Culver CO
Form DEF 14A
December 12, 2008

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x 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))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Alberto-Culver Company

(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):

x 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):

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1) Amount Previously Paid:

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3) Filing Party:

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ALBERTO-CULVER COMPANY

Melrose Park, Illinois

December 12, 2008

TO THE STOCKHOLDERS:

The annual meeting of stockholders will be held at the principal office of Alberto-Culver Company in Melrose Park, Illinois, on Thursday, January 22, 2009, at 10:00 a.m.

You are cordially invited to attend this meeting in person. The principal business to be conducted at the meeting will be to elect the four directors named in the attached Proxy Statement.

At your earliest convenience, please sign and return the enclosed proxy card to assure that your shares will be represented at the meeting.

NOTICE OF MEETING

The annual meeting of stockholders of Alberto-Culver Company will be held on Thursday, January 22, 2009, at 10:00 a.m. Chicago time, at our principal office, 2525 Armitage Avenue, Melrose Park, Illinois 60160 for the following purposes:

1. To elect the four directors named in the attached Proxy Statement.

2. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business on December 1, 2008 as the record date for determination of the stockholders entitled to notice of and to vote at the meeting.

Gary P. Schmidt
Secretary

December 12, 2008

Important Notice Regarding the Availability of Proxy Materials for the

Stockholder Meeting to be Held on January 22, 2009.

The Proxy Statement for the annual meeting of stockholders to be held on January 22, 2009 and the Annual Report to Shareholders for the fiscal year ended September 30, 2008 are available at www.edocumentview.com/acv.

ALBERTO-CULVER COMPANY **PROXY STATEMENT**

2525 Armitage Avenue **December 12, 2008**
Melrose Park, Illinois 60160

SOLICITATION OF PROXIES

The Board of Directors of Alberto-Culver Company (Board) solicits your proxy for use at the annual meeting of stockholders to be held on January 22, 2009 and at any adjournment thereof.

On December 1, 2008, the record date for the meeting, Alberto Culver had 97,985,957 shares of Common Stock outstanding. This Proxy Statement and form of proxy are being mailed to stockholders on or about December 12, 2008.

Each holder of record at the close of business on the record date is entitled to one vote for each share of Common Stock then held. Any person submitting a proxy has the right to revoke it at any time before it is voted, in person at the meeting, by written notice to the Secretary of Alberto Culver or by delivery of a later-dated proxy.

The election of directors is decided by a plurality of the votes cast by holders of all shares entitled to vote in the election. Accordingly, withheld votes and broker non-votes will not affect the outcome of the election of directors.

EXPLANATORY NOTE

Prior to November 16, 2006, Alberto-Culver Company consisted of two businesses: Global Consumer Products and Beauty Supply Distribution. Pursuant to an Investment Agreement, on November 16, 2006, Alberto-Culver Company split the Global Consumer Products business and the Beauty Supply Distribution business into two separate publicly traded companies. The company known as Alberto-Culver Company prior to November 16, 2006, became a wholly-owned subsidiary of the ultimate parent company of the new Global Consumer Products business and changed its name to Alberto-Culver LLC. We refer to the company formerly known as Alberto-Culver Company and now named Alberto-Culver LLC as Old Alberto. On November 16, 2006, the ultimate parent of the Global Consumer Products business changed its name to Alberto-Culver Company. We refer to the split of the Global Consumer Products and Beauty Supply Distribution businesses as the Separation.

Unless otherwise expressly provided, when describing employment history, compensation, expenses and other matters in this Proxy Statement, we have treated Alberto-Culver Company as the successor to Old Alberto. When used in this Proxy Statement, the terms we, us, our, Company and Alberto Culver refer to (i) Alberto-Culver Company, the ultimate parent of the Global Consumer Products business, since November 16, 2006, and (ii) Old Alberto before November 16, 2006.

ELECTION OF DIRECTORS

Unless otherwise instructed, proxies will be voted for the election as directors of the four persons listed as nominees for a term of three years. All of the nominees are currently serving as directors. Should any of the nominees become unable to accept nomination or election (which we do not expect), it is the intention of the persons named in the enclosed proxy to vote for a substitute in each case or the Board may leave the seat vacant and fill such vacancy at a later date.

Nominees for Terms Expiring at the Annual Meeting in 2012 (Class II)

Carol L. Bernick, age 56, has been Executive Chairman of Alberto Culver since October 2004 and has served as a director of the Company since 1984. She served as President of Alberto-Culver USA, Inc., a wholly-owned subsidiary of Alberto Culver, from 1994 to October 2004; as Vice Chairman of the Company from 1998 to October 2004; as President of Alberto Culver Consumer Products Worldwide, a division of Alberto Culver, from 2002 to October 2004; and as Assistant Secretary of the Company from 1990 to October 2004. Ms. Bernick is the daughter of Leonard H. Lavin.

George L. Fotiades, age 55, has served as a director of Alberto Culver since December 2006, as Chairman, healthcare practice of Diamond Castle Holdings, a private equity investment firm, since April 2007, and as Chairman of Catalent Pharma Solutions, Inc., a leading provider of advanced drug delivery and packaging technology to the global pharmaceutical and biotechnology industry, since June 2007. From February 2004 to May 2006, he served as President and Chief Operating Officer of Cardinal Health, Inc., a provider of products and services supporting the healthcare industry. Prior to that, he was President and Chief Executive Officer of Life Sciences Products and Services, a unit of Cardinal Health, Inc., from 2002 to February 2004. Mr. Fotiades is also a director of ProLogis and Cantel Medical Corp.

King Harris, age 65, has served as a director of Alberto Culver since 2002 and as Chairman of Harris Holdings, Inc., a private investment firm, since 2000. Mr. Harris is non-executive Chairman of the Board of AptarGroup, Inc.

V. James Marino, age 58, has been a director and President and Chief Executive Officer of Alberto Culver since November 2006. Mr. Marino served as President of Alberto Culver Consumer Products Worldwide from October 2004 to November 2006. From 2002 to October 2004, Mr. Marino served as President of Alberto Personal Care Worldwide, a division of Alberto Culver. Mr. Marino is also a director of Phillips-Van Heusen Corporation.

The Board recommends that the stockholders vote FOR the election of each of these nominees for director.

Directors Whose Terms Expire at the Annual Meeting in 2010 (Class III)

James G. Brocksmith, Jr., age 67, has served as a director of Alberto Culver since 2002 and as an independent business consultant for more than the past five years. From 1990 to 1996, Mr. Brocksmith was Deputy Chairman and Chief Operating Officer for the U.S. Operations of KPMG Peat Marwick LLP, a predecessor of KPMG LLP. Mr. Brocksmith is also a director of AAR Corp., Nationwide Financial Services, Inc. and Sempra Energy.

Leonard H. Lavin, age 89, the founder of Alberto Culver, has been Chairman Emeritus of Alberto Culver since October 2004. He has served as a director since 1955 and Chairman of the Company from 1955 to October 2004. Mr. Lavin is the father of Carol L. Bernick.

Katherine S. Napier, age 53, has served as a director of Alberto Culver since December 2006. She retired in 2002 from The Procter & Gamble Company as Vice President, after a 23 year career. She served as Senior Vice President, Marketing at McDonald s Corporation from 2002 to 2006. Ms. Napier is also a director of Mentor Corporation.

Robert H. Rock, D.B.A., age 58, has served as a director of Alberto Culver since 1995 and as President of MLR Holdings, LLC, a private investment firm with holdings in publishing and information businesses, for more than the past five years. Mr. Rock has also served as Chairman of Metroweek Corporation, a publisher of weekly newspapers and specialty publications, for more than the past five years. Mr. Rock is also a director of Quaker Chemical Corporation and Penn Mutual Life Insurance Company.

Directors Whose Terms Expire at the Annual Meeting in 2011 (Class I)

Thomas A. Dattilo, age 57, has served as a director of Alberto Culver since December 2006 and as Senior Advisor for Cerberus Operations and Advisory Company, LLC, a unit of Cerberus Capital Management, a private investment firm, since June 2007. He served as Chairman, President and Chief Executive Officer of Cooper Tire & Rubber Company, a company that specializes in the design, manufacture, and sale of passenger and truck tires, from 2000 to August 2006. Mr. Dattilo is also a director of Harris Corporation.

Governor Jim Edgar, age 62, has served as a director of Alberto Culver since 2002 and as a Distinguished Fellow at the University of Illinois Institute of Government and Public Affairs where he is a teacher and lecturer since 1999. Governor Edgar served as the Governor of Illinois from 1991 through 1999. Governor Edgar is also a director of Horizon Group Properties, Inc., John B. Sanfilippo & Son, Inc. and Youbet.com, Inc. Governor Edgar is a member of the Economic Club of Chicago. He is also a member of the Board of the Chicago Council on Global Affairs.

Sam J. Susser, age 69, has served as a director of Alberto Culver since 2001. Previously, he was Chairman and Chief Executive Officer of Plexus Financial Services, a holding company, from 1987 through 1991. Mr. Susser is also a director of Susser Holdings Corporation.

Retirement Policy

No person shall be eligible for nomination as a director of the Company on or after attaining the age of 73, provided this does not apply to any director who was first elected prior to 1995.

SECURITY OWNERSHIP OF MANAGEMENT AND CERTAIN BENEFICIAL OWNERS

The table below contains information as of November 17, 2008, except as otherwise indicated, concerning the number of shares of Common Stock beneficially owned by each director, each person named in the Summary Compensation Table (named executive officers), each person who is known to own 5% or more of our outstanding shares of Common Stock and by all directors and executive officers as a group. Except as specified below, the business address of the persons listed is the Company s headquarters, 2525 Armitage Avenue, Melrose Park, Illinois 60160.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership of Common Stock (1)	Percent of Class
Carol L. Bernick	6,032,306(2)	6.08%
James G. Brocksmith, Jr.	59,751(3)	(4)
Thomas A. Dattilo	17,045(5)	(4)
Jim Edgar	70,429(6)	(4)
George L. Fotiades	21,230(7)	(4)
King Harris	76,472(8)	(4)
Leonard H. Lavin	7,771,211(9)	7.93%
V. James Marino	529,229(10)	(4)
Katherine S. Napier	13,974(11)	(4)
Robert H. Rock	53,552(12)	(4)
Sam J. Susser	54,455(13)	(4)
Richard J. Hynes	70,955(14)	(4)
Ralph J. Nicoletti	64,275(15)	(4)
Gary P. Schmidt	167,895(16)	(4)
Neuberger Berman, LLC	6,722,140(17)	6.86%
All Directors and Executive Officers as a Group (17 persons, including the above)	15,181,272(18)	15.15%

(1) Such ownership is direct, with sole voting and investment power, except as indicated in subsequent footnotes. Unless otherwise specifically provided, each person disclaims beneficial ownership of any shares indicated as owned indirectly (*i.e.*, as trustee or co-trustee of a trust or as an officer of a foundation). Shares are not pledged unless otherwise indicated. Shares held in the Alberto Culver 401(k) and Profit Sharing Plan (the 401(k) Plan) represent equivalent shares. The number of equivalent shares is calculated by taking the dollar amount in the Alberto Culver Common Stock Fund and dividing that amount by the closing Common Stock price on November 17, 2008. The Alberto Culver Common Stock Fund consists of between 97% and 99% of Common Stock with the remainder in an interest bearing cash investment.

(2) Includes 1,242,343 shares subject to stock options exercisable currently or within 60 days. Also includes 1,357,331 shares held as trustee of a trust for the benefit of Ms. Bernick s sister; 609,859 shares held as co-trustee of a trust for the benefit of herself and her children; 2,345,945 shares held as trustee or co-trustee of trusts for the benefit of Ms. Bernick; 320,040 shares held as trustee of trusts for the benefit of certain of Ms. Bernick s relatives; 4,386 shares held as general partner of a partnership (the Partnership), in her capacity as trustee of a trust

for her benefit, for which she shares voting power with Mr. Lavin and has sole investment power; 13,302 shares held as a participant in the 401(k) Plan; and 139,100 shares held by the Carol Lavin Bernick Family Foundation of which Ms. Bernick is a director and the President and shares voting and investment power with her children. Does not include 5,758,144 shares held as limited partner of the Partnership, in her capacity as co-trustee of trusts with Mr. Lavin for his benefit, for which she shares voting power with Mr. Lavin and has sole investment power; 1,000,000 shares held as co-trustee of three trusts for the benefit of Mr. Lavin; and 1,013,067 shares owned by the Lavin Family Foundation of which Ms. Bernick is a director and an officer.

(3) Includes 56,951 shares subject to stock options exercisable currently or within 60 days and 2,800 shares of restricted stock that have not vested.

(4) Less than 1.0% of the outstanding shares.

(5) Includes 7,400 shares subject to stock options exercisable currently or within 60 days, 2,800 shares of restricted stock that have not vested, and 5,845 Common Stock units held in the Deferred Compensation Plan for Non-Employee Directors (Units). Each Unit is economically equivalent to one share of Common Stock.

(6) Includes 56,951 shares subject to stock options exercisable currently or within 60 days, 2,800 shares of restricted stock that have not vested, and 10,678 Units.

(7) Includes 7,400 shares subject to stock options exercisable currently or within 60 days, 2,800 shares of restricted stock that have not vested, and 5,984 Units.

(8) Includes 66,172 shares subject to stock options exercisable currently or within 60 days and 2,800 shares of restricted stock that have not vested.

(9) Includes 1,013,067 shares held by the Lavin Family Foundation of which Mr. Lavin is a director and the President and shares voting and investment power with Ms. Bernick; 5,758,144 shares held as limited partner in the Partnership in his capacity as co-trustee of trusts with Ms. Bernick for the benefit of Mr. Lavin, for which Mr. Lavin shares voting power with Ms. Bernick and has no investment power; and 1,000,000 shares held as co-trustee of three trusts with Ms. Bernick for his benefit, for which Mr. Lavin shares voting and investment power with Ms. Bernick. Does not include 4,386 shares held as limited partner of the Partnership. In addition, does not include shares reported as owned by Ms. Bernick.

(10) Includes 381,233 shares subject to stock options exercisable currently or within 60 days, 68,700 shares of restricted stock that have not vested, and 900 shares held jointly with Mr. Marino s wife.

(11) Includes 7,400 shares subject to stock options exercisable currently or within 60 days, 2,800 shares of restricted stock that have not vested, and 3,138 Units.

(12) Includes 47,730 shares subject to stock options exercisable currently or within 60 days, 2,800 shares of restricted stock that have not vested, and 1,050 shares held jointly with Mr. Rock s wife.

(13) Includes 47,730 shares subject to stock options exercisable currently or within 60 days, 2,800 shares of restricted stock that have not vested, and 3,925 Units.

(14) Includes 35,300 shares subject to stock options exercisable currently or within 60 days, 9,200 shares of restricted stock that have not vested, 415 shares held as a participant in the 401(k) Plan, and 25,215 shares held jointly with Mr. Hynes wife.

(15) Includes 32,175 shares subject to stock options exercisable currently or within 60 days and 32,100 shares of restricted stock that have not vested.

(16) Includes 131,937 shares subject to stock options exercisable currently or within 60 days, 10,000 shares of restricted stock that have not vested, 12,943 shares held as a participant in the 401(k) Plan, and 13,015 shares held jointly with Mr. Schmidt s wife.

(17) This information is based on a Form 13F filed by Neuberger Berman, LLC (NB) and reflects NB s holdings as of September 30, 2008. NB s address is 605 Third Avenue, New York, NY 10158.

(18) Includes 2,251,936 shares subject to stock options exercisable currently or within 60 days, 26,660 shares held as participants in the 401(k) Plan, and 29,570 Units. Such persons have shared voting power as to 7,954,877 shares and shared investment power as to 2,192,347 shares. In addition, includes 186,900 shares of restricted stock that have not vested. Holders of restricted stock have sole voting rights but no dispositive rights with respect to those shares that have not vested.

MEETINGS AND COMMITTEES OF THE BOARD OF DIRECTORS

The Board held seven meetings during fiscal year 2008. No director attended fewer than three-fourths of the aggregate number of meetings of the Board and of the committees and subcommittees on which he or she served during the fiscal year. Board members are expected to attend the annual meeting of stockholders. At the last annual meeting, all directors attended except Jim Edgar. There are four standing committees of the Board and one standing subcommittee of the Audit Committee.

The Audit Committee, which is composed of James G. Brocksmith, Jr., Chairman, Thomas A. Dattilo, George L. Fotiades, King Harris, Katherine S. Napier, and Sam J. Susser, all of whom are independent for purposes of the New York Stock Exchange s listing standards and the Securities Exchange Act of 1934, held eight meetings during fiscal year 2008. The Board has determined that both Messrs. Brocksmith and Susser qualify as Audit Committee Financial Experts, as such term is defined by the Securities and Exchange Commission. In addition, the Board has determined that the simultaneous service by Mr. Brocksmith on the Audit Committee of more than three public companies does not impair his ability to effectively serve on the Audit Committee. The Audit

Committee assists the Board in fulfilling its oversight responsibilities for (i) the integrity of our financial statements, (ii) our compliance with legal and regulatory requirements, (iii) the independent auditor s qualifications and independence, and (iv) the performance of our internal audit function and independent auditors. The Board has adopted a written charter for the Audit Committee, a current copy of which is available on our website at www.alberto.com.

The Regulatory and Safety Subcommittee of the Audit Committee which is composed of King Harris, Chairman, Thomas A. Dattilo, and Katherine S. Napier, held four meetings during fiscal year 2008. The Regulatory and Safety Subcommittee oversees compliance with health and safety laws and regulations. The Board has adopted a written charter for the Regulatory and Safety Subcommittee, a current copy of which is available on our website at www.alberto.com. Effective January 1, 2009, Mr. Dattilo will be replaced by Mr. Susser as a member of the Regulatory and Safety Subcommittee.

The Executive Committee, which is composed of Carol L. Bernick, Chairman, King Harris, Leonard H. Lavin, V. James Marino, and Sam J. Susser, held no meetings during fiscal year 2008. The Executive Committee has many of the powers of the Board and can act when the Board is not in session.

The Compensation and Leadership Development Committee (Compensation Committee), which is composed of George L. Fotiades, Chairman, James G. Brocksmith, Jr., Jim Edgar, Robert H. Rock, and Sam J. Susser, all of whom are independent for purposes of the New York Stock Exchange listing standards, held seven meetings during fiscal year 2008. The Compensation Committee, among other things, (i) reviews and approves corporate goals and objectives relevant to Chief Executive Officer compensation and evaluates the Chief Executive Officer s performance in light of those goals and objectives, (ii) determines and approves the Chief Executive Officer s compensation level based on this evaluation, (iii) approves compensation of other executive officers, (iv) reviews and recommends to the Board equity based incentive compensation plans in which executive officers participate, (v) prepares the report required to be included in our annual proxy statement, and (vi) reviews matters relating to management development and succession planning for our executive officers. The Board has adopted a written charter for the Compensation Committee, a current copy of which is available on our website at www.alberto.com. Effective January 1, 2009, Mr. Susser will be replaced by Mr. Dattilo as a member of the Compensation Committee.

The Nominating/Governance Committee, which is composed of Katherine S. Napier, Chairman, Thomas A. Dattilo, Jim Edgar, King Harris, and Robert H. Rock, all of whom are independent for purposes of the New York Stock Exchange s listing standards, held four meetings during fiscal year 2008. The function of the Nominating/Governance Committee is to, among other things, (i) identify and recommend to the Board, individuals qualified to be directors of Alberto Culver, consistent with criteria approved by the Board, for either appointment to the Board or to stand for election at a meeting of stockholders, (ii) develop and recommend to the Board corporate governance guidelines for Alberto Culver, and (iii) oversee the evaluation of the Board and management. The Board has adopted a written charter for the Nominating/Governance Committee, a current copy of which is available on our website at www.alberto.com.

NOMINATIONS OF DIRECTORS

The Nominating/Governance Committee identifies individuals the committee believes are qualified to become Board members. The committee will consider recommendations for director nominees from a wide variety of sources, including other members of the Board, management, stockholders and, if deemed appropriate, professional search firms. The committee takes into account the applicable requirements for directors under the Securities Exchange Act of 1934 and the listing standards of the New York Stock Exchange. In addition, the committee may take into consideration such other factors and criteria as it deems appropriate in evaluating a candidate, including such candidate s judgment, skills, integrity, and business and other experience.

George Fotiades is standing for election by Alberto Culver s shareholders for the first time. Mr. Fotiades was recommended to the Nominating/Governance Committee by the Executive Chairman.

In order to be recommended by the Nominating/Governance Committee, the candidate for director must, at a minimum, have integrity, be committed to act in the best interest of all shareholders, and be able and willing to devote the required amount of time to Alberto Culver s affairs, including attendance at Board meetings. In addition, the candidate cannot jeopardize the independence of a majority of the Board, as described under Director Independence below.

The candidate should preferably also have the following qualifications: business experience, demonstrated leadership skills, experience on other boards, and skill sets which add to the value of Alberto Culver s businesses.

Stockholders may submit recommendations for nominations of candidates for election to the Board. The Nominating/Governance Committee will consider director candidates recommended by stockholders. To make a recommendation, a shareholder must send the recommendation to the Company s Secretary at our headquarters in Melrose Park, Illinois. The recommendation must be received between May 1 and July 1 immediately preceding the annual meeting and must include (i) the name and address of the stockholder making the recommendation along with evidence of his or her ownership of Common Stock, including the number of shares and period of ownership, (ii) the name, age, business and residence address of the director candidate and a listing of the candidate s qualifications, including education and principal occupation or employment, (iii) the candidate s signed consent to serve as a director if elected and to be named in the Proxy Statement, and (iv) a brief explanation of why the shareholder feels the candidate is suitable for consideration. The Nominating/Governance Committee will evaluate shareholder-recommended director candidates in the same manner as it evaluates director candidates identified by other approved means.

Nominations of directors by stockholders at the annual meeting are subject to the notice requirements described under Other Business below.

COMMUNICATION WITH THE BOARD OF DIRECTORS

The Board has a process for interested parties to send communications directly to the Board. In order to do so, interested parties can mail any communications directly to the attention of the Presiding Director at our headquarters in Melrose Park, Illinois. The Presiding Director shall determine what, if any, actions need be taken with respect to each communication including discussing such matters with only the non-management directors, a specific committee or the full Board. Currently, the Presiding Director is Mr. Susser. A new Presiding Director is appointed automatically at the beginning of each quarter in alphabetical order among all non-management directors, and such person acts as chairman during Board meetings in which the Executive Chairman is not present and during executive sessions of the Board.

GOVERNANCE

We have adopted a code of ethics that applies to the Chief Executive Officer, Chief Financial Officer and Corporate Controller. We will provide copies of such code of ethics to any person, without charge, upon written request to the Secretary of Alberto Culver at our headquarters in Melrose Park, Illinois.

We have adopted (a) Governance Guidelines, (b) a Code of Business Conduct and Ethics that apply to directors, officers and employees, and (c) Charters for the Audit, Compensation, and Nominating/Governance Committees and the Regulatory and Safety Subcommittee. Copies of these documents are available on our website at www.alberto.com and are available in print to any person, without charge, upon written request to the Secretary of Alberto Culver at our headquarters in Melrose Park, Illinois. In addition, the Board adopted categorical independence standards for its Board members. A copy of these standards is available on our website at www.alberto.com and are set forth below.

Related party transactions that require disclosure in the Company s proxy statement under applicable Securities and Exchange Commission rules must be approved by the Audit Committee. Any member of the Audit Committee who has an interest in the related party transaction shall recuse himself or herself from this approval process. In considering the transaction, the Audit Committee will consider the following factors: (i) the Company s business rationale for entering into the transaction; (ii) the alternatives to entering into a related party transaction; (iii) the potential for the transaction to lead to an actual or apparent conflict of interest; (iv) the overall fairness of the transaction to the Company; and (v) any other factor the Audit Committee, in its sole discretion, considers relevant to this inquiry. The Audit Committee will periodically monitor the transaction to ensure that there are no changed circumstances that would render it advisable for the Company to amend or terminate the transaction.

In order to implement this policy, the following procedures shall be followed:

The Related Party (as defined below) shall bring the transaction to the attention of the Compliance Officer, Chairman of the Audit Committee or the Chairman of the Nominating/Governance Committee;

The Chairman of the Audit Committee and the Chairman of the Nominating/Governance Committee shall jointly determine (or if either is involved in the transaction, the other shall determine in consultation with the Compliance Officer) whether the matter should be considered by the Audit Committee; and

The transaction must be submitted for review in advance whenever practicable, and if not practicable, must be reviewed as promptly as reasonably practicable.

Generally, a related party transaction is a transaction (i) in which the Company or any subsidiary is a participant, (ii) that involves a director, executive officer, nominee for director, holder of 5% or more of the voting securities of the Company or any of their respective immediate family members (Related Party) and (iii) where the Related Party has a direct or indirect material interest in the transaction. A transaction involving less than $120,000 or in which the Related Party is merely a director, limited partner and/or less than 10% owner of the entity engaging in a transaction with the Company is not covered by this policy and does not require Audit Committee approval. An immediate family member means any child, stepchild, parent, stepparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law or any person (other than a tenant or employee) sharing the same household.

DIRECTOR INDEPENDENCE

It is Alberto Culver s policy that a majority of directors meet the criteria for independence established by the New York Stock Exchange. To assist in making the determination of independence, the Board adopted the following categorical independence standards, which state a director will be independent unless:

The director is, or has been within the last three years, an employee of Alberto Culver, or an immediate family member is, or has been within the last three years, an executive officer of Alberto Culver.

The director has received, or has an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from Alberto Culver, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).

(A) The director is a current partner or employee of a firm that is Alberto Culver s internal or external auditor; (B) the director has an immediate family member who is a current partner of such a firm; (C) the director has an immediate family member who is a current employee of such a firm and who personally works on Alberto Culver s audit; or (D) the director or an immediate family member was within the last three years a partner or employee of such a firm and personally worked on our audit within that time.

The director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of Alberto Culver s present executive officers at the same time serves or served on that company s compensation committee.

The director is a current employee, or an immediate family member is a current executive officer, of a company that has made payment to, or received payments from, Alberto Culver for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1.0 million, or 2% of such other company s consolidated gross revenues.

The director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that is indebted to Alberto Culver, or to which Alberto Culver is indebted, in an amount that exceeds the greater of $1.0 million or 2% of the total consolidated gross revenue of either Alberto Culver or such other company is not independent until three years after falling below such threshold.

The Board has affirmatively determined that Messrs. Brocksmith, Dattilo, Edgar, Fotiades, Harris, Rock, and Susser and Ms. Napier are independent, in accordance with these categorical standards, since none of these directors has any material relationships with the Company. Of these independent directors, only Messrs. Fotiades and Harris have relationships that were considered by the Board in arriving at their conclusion. Mr. Harris is a non-executive chairman of the board of directors and owns less than 1% of the common stock of AptarGroup, Inc. Over the last three fiscal years, Alberto Culver has purchased products from AptarGroup in the ordinary course of business in arms-length transactions consisting of dispensing closures and systems. The amount of these purchases accounted for less than 1% of either company s gross revenues during each of the last three fiscal years. Because Mr. Harris is not an executive officer of AptarGroup and the amount of these purchases as a percentage of gross revenues was small, the Board considered this relationship to be immaterial. Mr. Fotiades is a director and owns less than 1% of the equity of ProLogis. Over the last three fiscal years, Alberto Culver has made payments to ProLogis in the ordinary course of business in arms-length transactions. ProLogis is the landlord of our Atlanta warehouse and virtually all of these payments arise from this relationship. The amount of these payments accounted for less than 1% of either company s gross revenues during each of the last three fiscal years. Because Mr. Fotiades is not an executive officer of ProLogis and the amount of these payments as a percentage of gross revenues was small, the Board considered this relationship to be immaterial.

COMPENSATION DISCUSSION AND ANALYSIS

This compensation discussion and analysis is intended to provide to our investors material information about our compensation policies and objectives for our named executive officers. Further, it is intended to provide a context for the tabular disclosures and related narrative disclosures which follow.

The Compensation Committee oversees and administers our executive compensation program and establishes, implements and monitors our executive compensation philosophy. The Compensation Committee is comprised entirely of independent directors determined in accordance with New York Stock Exchange listing standards, outside directors within the meaning of Section 162(m) of the Internal Revenue Code (Code) and non-employee directors within the meaning of Section 16 of the Securities Exchange Act of 1934.

In carrying out its responsibilities with respect to the executive compensation program, the Compensation Committee has retained the independent firm of Hewitt Associates. Hewitt advises the Compensation Committee on all of the principal components of executive compensation, as described below, and generally attends meetings of the Compensation Committee when executive compensation is on the agenda. Hewitt also advises Alberto Culver on compensation matters relating to employees who are not executives.

The Compensation Committee on occasion meets with the President and Chief Executive Officer, V. James Marino, and other named executive officers, including the Executive Chairman, Carol L. Bernick, the Senior Vice President, Secretary and General Counsel, Gary P. Schmidt, and the Senior Vice President and Chief Financial Officer, Ralph J. Nicoletti, to obtain recommendations with respect to compensation programs and practices for executives, other employees and directors. The Compensation Committee considers management s recommendations with respect to executive compensation, but makes its decisions about the compensation of the named executive officers outside the presence of the affected officer. The Compensation Committee also typically seeks input from Hewitt prior to making any final determinations.

Compensation Philosophy and Objectives

Our ability to hire, motivate and retain executives with the requisite skills and expertise to develop, expand and execute business opportunities is essential to our success and the success of our shareholders.

Alberto Culver s objectives for our executive officer compensation program are:

- To attract, motivate and retain executive officers through both short-term and long-term incentives that reward individual and Alberto Culver performance.

- To link the interests of executive officers closely with those of our stockholders by emphasizing equity based compensation and structuring compensation contingent on measures intended to reward performance we believe creates shareholder value.

To reward continuity of service.

To increase the personal stake of the executive officers in our continued success and growth by setting ownership guidelines of Common Stock.

These objectives guide the Compensation Committee in assessing the proper allocation between cash and equity compensation and long-term and short-term compensation. Other considerations include our business objectives, competitive practices and trends, and sound corporate governance practices.

Components of Compensation

In order to achieve these objectives, compensation of the named executive officers for the last fiscal year was comprised principally of four components: base salary, annual bonus, equity and other long-term incentive compensation which includes stock options, restricted stock and 2006 Shareholder Value Incentive Plan (the SVIP) performance units, and retirement compensation.

The Compensation Committee has selected these components because each is considered useful and necessary to meet our compensation objectives. For example, base salary and the annual bonus levels are designed to achieve the objective of attracting, motivating and retaining executive officers and rewarding them for their day-to-day performance and achieving specific business results. Equity and long-term incentive compensation are designed to link the interests of executive officers with our shareholders, reward long-term performance, and retain executive officers. The Compensation Committee believes that these components provide an optimal mix of cash and equity compensation and long and short-term compensation in order to achieve the objectives discussed above. In addition, these components give the Compensation Committee flexibility to calibrate and refine the mix of cash and equity compensation and long and short-term compensation to respond to the performance of Alberto Culver, market conditions, and individual performance.

Periodically, the Compensation Committee undertakes a total compensation review for each of the named executive officers. In addition to reviewing the four principal compensation components, the Compensation Committee reviews payments that would be required under various severance and change-in-control scenarios. Following the fiscal year 2008 review, the Compensation Committee determined that these elements of compensation were reasonable in the aggregate.

Peer Group

The Compensation Committee benchmarks compensation every other year by comparing Alberto Culver s compensation to a peer group of companies in the packaged goods industry. The most recent peer group was created in the summer of 2007 for use in fiscal year 2008 and included the following companies:

Avon Products, Inc.	Kellogg Company
Bausch & Lomb Incorporated	Kimberly-Clark Corporation
Campbell Soup Company	Kraft Foods Inc.
Church & Dwight Co., Inc.	L Oreal USA, Inc.
The Clorox Company	Molson Coors Brewing Company
The Coca-Cola Company	McCormick & Company, Inc.
Colgate-Palmolive Company	Newell Rubbermaid Inc.
ConAgra Foods, Inc.	Pactiv Corporation
Del Monte Foods Company	PepsiCo, Inc.
Energizer Holdings, Inc.	Playtex Products, Inc.
Fortune Brands, Inc.	Revlon, Inc.
General Mills, Inc.	S.C. Johnson Consumer Products
H. J. Heinz Company	Sara Lee Corporation
Henkel of America, Inc.	The Scotts Miracle Gro Company
The Hershey Company	Tupperware Corporation
Jarden Corporation	Unilever United States, Inc.
Kao America Inc.	Wm. Wrigley Jr. Company

Recognizing that the sizes of the companies in our peer group were not the same as Alberto Culver, statistical analysis was used to size adjust the data to that of the Company or business unit as appropriate, though non-size adjusted data was also considered. The Compensation Committee considered the alignment of pay from fiscal year 2007 as well as general industry data for fiscal year 2007 in making determinations on compensation changes in fiscal year 2008. Other than general industry data, the Compensation Committee did not consider compensation related information from any individual company outside the peer group listed above.

Base Salary and Annual Bonus

In order to attract, retain and motivate executive officers, Alberto Culver allocates a significant portion of executive compensation to base salary and annual bonus. Base salaries of named executive officers are reviewed annually by the Compensation Committee and adjusted at the discretion of the Compensation Committee. The effective date of salary increases is typically January 1st of each year. The factors used in determining a named executive officer s base salary are the duties and level of responsibility of the executive officer, the past performance of the executive officer, the performance of the executive officer s principal business unit, if any, studies of positions at peer group companies, market pressures to attract and retain talent, Alberto Culver s performance, and the recommendations of senior management. The Compensation Committee exercises its judgment in making a determination of the impact which each of these factors has on setting the named executive officers salaries. Based on these factors, the Compensation Committee established the base salaries referred in the table below for each of the named executive officers effective January 1, 2007 and January 1, 2008. In the first quarter of fiscal year 2009, the Compensation Committee established base salaries for the named executive officers effective January 1, 2009 as reflected in the table below, generally based on the same factors as described above for fiscal year 2008.

Base Salary

Name	**January 1, 2009**	**January 1, 2008**	**January 1, 2007**
V. James Marino	950,000	900,000	725,000
Carol L. Bernick	680,000	650,000	650,000
Ralph J. Nicoletti	490,000	465,000	450,000[1] (annualized)
Richard J. Hynes	408,000	390,000	375,000
Gary P. Schmidt	367,000	353,000	340,000

1 As of February 26, 2007, his first day as an employee of Alberto Culver.

Annual bonuses for named executive officers are awarded pursuant to the Management Incentive Plan (the MIP). The MIP is designed to strongly link incentive awards to measurable performance and provide higher rewards for exceptional performance. The MIP is structured to achieve the objectives of attracting, motivating and retaining executives and to link the interest of our executives to the shareholders by structuring performance targets to those targets we believe create shareholder value.

For fiscal year 2008, named executive officers bonus award opportunities were allocated among the following two criteria: (i) sales growth of Alberto Culver and (ii) operating earnings growth of Alberto Culver. For purposes of the MIP, operating earnings means pre-tax earnings before non-recurring and other unusual items reported separately on our income statement. The Compensation Committee may modify the above criteria during the fiscal year as deemed appropriate, but may not modify these criteria for the named executive officers so as to increase the award payable to such persons. The Compensation Committee did not modify these criteria for the named executive officers for fiscal year 2008.

Actual bonus awards can range from 0% to 200% of base salary depending on the level of performance achieved with a maximum of 100% allocated to sales growth and a maximum of 100% allocated to operating earnings growth for fiscal year 2008. No bonus payout will be made with respect to zero or negative sales or operating earnings growth. The Compensation Committee set the following bonus award opportunities for the named executive officers for fiscal year 2008:

Fiscal Year 2008 Bonus Award Opportunities

Marino/Bernick

Sales Growth	Payout for each 1% Growth as a Percentage of Salary	Operating Earnings Growth	Payout for each 1% Growth as a Percentage of Salary
0% - 4%	2%	0% - 5%	2%
4.01% - 8%	6%	5.01% - 10%	6%
8.01% +	10%	10.01% +	10%

Fiscal Year 2008 Bonus Award Opportunities

Nicoletti/Hynes/Schmidt

Sales Growth	Payout for each 1% Growth as a Percentage of Salary	Operating Earnings Growth	Payout for each 1% Growth as a Percentage of Salary
0% - 4%	2%	0% - 5%	2%
4.01% - 8%	4%	5.01% - 10%	4%
8.01% +	6%	10.01% +	6%

The Compensation Committee may decrease an individual award by up to 35% of such officer s base salary based upon such factors and circumstances as the Compensation Committee deems appropriate. For purposes of determining the fiscal year 2008 bonus awards to the named executive officers, the Compensation Committee did not exercise any discretion. The named executive officers fiscal year 2008 annual incentive awards under the MIP are set forth in the Summary Compensation Table under the caption Non-Equity Incentive Plan Compensation and reflect 10.85% sales growth and operating earnings growth of 32.94%. Participants in the MIP may elect to take all or a portion of their award in Common Stock valued at the closing price on the last trading day of the applicable fiscal year or to defer all or a portion of their award into the Executive Deferred Compensation Plan (EDCP).

The Compensation Committee has set the bonus award opportunities for the named executive officers for fiscal year 2009. These opportunities have again been allocated among sales growth of Alberto Culver and operating earnings growth of Alberto Culver.

Long-Term Incentive Compensation

The Company s long-term incentive compensation program consists of grants of stock options under the Employee Stock Option Plan of 2006 (the ACSOP) and restricted stock under the 2006 Restricted Stock Plan (the RSP), each of which vest over a number of years, and performance units under the SVIP. Alberto Culver s long-term incentive program is designed to retain qualified executives and align their interest closely with our stockholders. Stock options are specifically intended to encourage executives to grow the share price of the Company. Performance units are intended to encourage long-term decision making and promote the long-term management of capital in addition to earnings growth. Restricted stock is focused primarily on alignment of interests with our shareholders and retention.

Non-qualified stock options were granted to the named executive officers on October 1, 2007, or in the case of Mr. Marino, November 1, 2007, with an option exercise price equal to the average of the high and low trading prices of a share of Common Stock on the date of grant in accordance with the terms of the ACSOP. All such stock options will vest in four equal annual installments beginning on September 30, 2008. The number of stock options granted was determined by the Compensation Committee based on the same factors used to determine base salary. The number of stock options granted to each of the named executive officers during fiscal year 2008 is set forth on the Grants of Plan-Based Awards Table.

Restricted shares were granted on November 1, 2007 to Mr. Marino and on October 1, 2007 to Messrs. Hynes and Nicoletti and vest in four equal annual installments beginning on September 30, 2009. These grants were given primarily for retention purposes. The number of shares of restricted stock granted to Messrs. Marino, Hynes and Nicoletti during fiscal year 2008 is set forth on the Grants of Plan-Based Awards Table.

The policy of the Compensation Committee is to grant stock options and restricted stock with an effective date on or following action by the Compensation Committee. Generally, the effective date of stock option and restricted stock grants, other than the annual grants as described below, is the first day of the month immediately following the date of the Compensation Committee s action. Absent unusual circumstances, the annual grant of options and restricted stock to all eligible employees other than the Chief Executive Officer is effective on October 1st. Absent unusual circumstances, the annual grant of options and restricted stock to the Chief Executive Officer is made following his annual review and is effective on the first day of the month following Compensation Committee action.

Each named executive officer was also granted performance units pursuant to the SVIP. Each performance unit has a payout value of $250 if the threshold performance level is attained, $1,000 if the target performance level is attained and $2,000 if the maximum performance level is attained. The Compensation Committee has no discretion with respect to the payout value of each unit. Under certain circumstances, awards will be paid in Common Stock. Units will have no value if the threshold performance level is not attained for a given performance period.

On October 1, 2007, each named executive officer was granted units for a three-year performance period beginning on October 1, 2007. The number of units granted to each of the named executive officers during fiscal year 2008 is set forth on the Grants of Plan-Based Awards Table. Achievement of the threshold, target and maximum performance levels are based equally on cumulative operating earnings and pre-tax return on invested capital over the three-year performance period. For purposes of the SVIP, operating earnings means pre-tax earnings before non-recurring and other unusual items reported separately on our income statement. Performance levels and payouts per unit for the three-year performance period are as follows:

Three Year Performance Period Ending September 30, 2010

Three Year Cumulative Operating Earnings	Amount Payable Per Performance Unit	Three Year Average Pre-Tax Return on Invested Capital	Amount Payable Per Performance Unit
$540,000,000	$ 250	14.0%	$ 250
$565,000,000	$ 500	14.5%	$ 500
$600,000,000	$ 1,000	15.0%	$ 1,000

At the time fiscal year 2008 performance units were granted, the Compensation Committee, based on the recommendations of management and in consultation with Hewitt, established objectives for the three-year performance period, October 1, 2007 through September 30, 2010, based on cumulative operating earnings and pre-tax return on invested capital. Units granted in fiscal year 2007 for the two-year performance period ended September 30, 2008 had a value of $2,000 per unit based upon the Company achieving two year cumulative operating earnings of $349,859,000 and a two year average pre-tax return on invested capital of 15.14%. Payouts for each of the named executive officers are set forth in the Summary Compensation Table under the caption Non-Equity Incentive Plan Compensation.

Decisions with respect to grants of performance units to named executive officers were made based on recommendations of management and Hewitt. Based on these recommendations, named executive officers received performance units having a target value equal to a percentage of their base salary. The number of performance units granted was then adjusted for certain named executive officers based on the same factors used for determining base salary.

Performance units for the three-year performance period, October 1, 2008 through September 30, 2011, were granted during the first quarter of fiscal year 2009 to each of the named executive officers. Consistent with the fiscal year 2008 grants, the Compensation Committee considered the recommendations of management and consulted with Hewitt to establish objectives for these performance units. The objectives for this three-year performance period were cumulative operating earnings and pre-tax return on invested capital. The number of units granted in fiscal year 2009 to each of the named executive officers was based on the same factors as described above for the units granted in fiscal year 2008.

Stock Ownership Guidelines

The Board of Directors has established stock ownership guidelines for all SVIP participants to more closely link the interests of our officers with those of our shareholders. The Executive Chairman and the Chief Executive Officer have guidelines of at least five times their annual base salary, and the other named executive officers have guidelines of at least three times their annual base salary, to be invested in Common Stock. Participants have the later of three years from the date of the Separation and five years from first becoming subject to the