

ALBERTO CULVER CO  
Form 10-K  
December 13, 2004

---

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM 10-K

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED:

SEPTEMBER 30, 2004

-OR-

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

Commission File No. 1-5050

# ALBERTO-CULVER COMPANY

---

(Exact name of registrant as specified in its charter)

Delaware

36-2257936

---

(State or other jurisdiction of  
incorporation or organization)

---

(I.R.S. Employer  
Identification No.)

2525 Armitage Avenue

Melrose Park, Illinois

60160

---

(Address of principal executive offices)

---

(Zip code)

Registrant's telephone number, including area code: (708) 450-3000

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

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$.22 per share	New York Stock Exchange

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act.) YES x NO "

The aggregate market value of common stock held by non-affiliates (assuming for this purpose only that all directors and executive officers are affiliates) on March 31, 2004, the last business day of the registrant's most recently completed second fiscal quarter, was \$3.14 billion.

At November 12, 2004, there were 91,008,772 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Parts I and II	Portions of annual report to stockholders for the year ended September 30, 2004 and portions of proxy statement and notice of annual meeting of stockholders on January 27, 2005, as specifically described herein.
Part III	Portions of proxy statement and notice of annual meeting of stockholders on January 27, 2005, as specifically described herein.

---

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the documents incorporated by reference herein include certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Such statements are based on management's current expectations and assessments of risks and uncertainties and reflect various assumptions concerning anticipated results, which may or may not prove to be correct. Some of the factors that could cause actual results to differ materially from estimates or projections contained in such forward-looking statements include: the pattern of brand sales, including variations in sales volume within periods; competition within the relevant product markets, including the ability to develop and successfully introduce new products, ensuring product quality, pricing, promotional activities, introduction of competing products and continuing customer acceptance of existing products; risks inherent in acquisitions and strategic alliances; the loss of one or more key employees; loss of distributorship rights; the effects of a prolonged United States or global economic downturn or recession; changes in costs, including changes in labor costs, raw material prices or advertising and marketing expenses; the costs and effects of unanticipated legal or administrative proceedings; health epidemics; and variations in political, economic or other factors such as currency exchange rates, inflation rates, tax changes, legal and regulatory changes or other external factors over which Alberto-Culver Company has no control. Alberto-Culver Company has no obligation to update any forward-looking statement in this Annual Report on Form 10-K or any incorporated document.

**PART I**

**ITEM 1. BUSINESS**

**BUSINESS SEGMENTS AND GEOGRAPHIC AREA INFORMATION**

The company operates two businesses: Global Consumer Products and Beauty Supply Distribution. Sales of Global Consumer Products were \$1.19 billion, \$1.10 billion and \$1.02 billion in fiscal years 2004, 2003 and 2002, respectively. Beauty Supply Distribution sales were \$2.10 billion, \$1.82 billion and \$1.68 billion in fiscal years 2004, 2003 and 2002, respectively.

The Global Consumer Products business consists of two divisions: (1) Alberto-Culver Consumer Products Worldwide, which develops, manufactures, distributes and markets branded beauty care products as well as branded food and household products in the United States and more than 120 other countries, and (2) Cederroth International, which manufactures, markets and distributes beauty and health care products throughout Scandinavia and in Europe. For reporting purposes, these two divisions are included in the Global Consumer Products segment. Beauty and health care products accounted for approximately 32%, 34% and 34% of the company's consolidated net sales for the years ended September 30, 2004, 2003 and 2002, respectively. Food and household products accounted for approximately 4% of the company's consolidated net sales for each of the years ended September 30, 2004, 2003 and 2002.

The company's Beauty Supply Distribution business includes two segments: (1) *Sally Beauty Supply*, a domestic and international chain of cash-and-carry outlets offering professional beauty supplies to both salon professionals and retail consumers, and (2) *Beauty Systems Group*, a full-service beauty supply distributor offering professional brands directly to salons through its own sales force and professional-only stores in exclusive geographical territories in North America. Sales of *Sally Beauty Supply* accounted for approximately 40%, 41% and 42% of the company's consolidated net sales for the years ended September 30, 2004, 2003 and 2002, respectively. *Beauty Systems Group* accounted for approximately 24%, 21% and 20% of the company's consolidated net sales for the years ended September 30, 2004, 2003 and 2002, respectively.

Edgar Filing: ALBERTO CULVER CO - Form 10-K

Financial information about business segments and geographic area information is incorporated herein by reference to the Business Segments and Geographic Area Information note of the Notes to Consolidated Financial Statements in the company's annual report to stockholders for the year ended September 30, 2004.

- 2 -

### *Global Consumer Products*

The company's major beauty and health care products marketed in the United States include the *Alberto V05*, *TRESemmé* and *Consort* lines of hair care products, the *St. Ives* line of hair and skin care products, *FDS* feminine deodorant sprays and the *Soft & Beautiful*, *Just For Me*, *Comb-Thru*, *Motions* and *TCB* lines of ethnic hair care products. Food and household products sold in the United States include *Mrs. Dash* salt-free seasoning blends, *Molly McButter* butter flavored sprinkles, *SugarTwin* sugar substitute, *Static Guard* anti-static spray and *Kleen Guard* furniture polish.

In Canada, the company sells most of the products marketed in the United States along with the *Alberto European* and *Alberto Balsam* lines of hair care products.

In the United Kingdom and Europe, the company sells products such as the *Alberto V05*, *Advanced Alberto V05*, *Alberto Balsam* and *TRESemmé* lines of hair care products and the *St. Ives* line of hair and skin care products.

In Latin America, the significant products sold by the company include the *Alberto V05*, *Alberto Get Set*, *Antiall* and *Folicure* lines of hair care products, the *St. Ives* line of hair and skin care products, *Veritas* soap and deodorant body powder products and *Farmaco* soap products. The company's principal markets in Latin America are Mexico, Puerto Rico and the Caribbean, Argentina and Chile.

The company manufactures, markets and distributes beauty and health care products throughout Scandinavia and in parts of Europe through its Cederroth International subsidiary headquartered in Sweden. Such products include *Salve* adhesive bandages, *Samarin* antacids, *Seltin* salt substitute, *Topz* cotton buds, *Savette* wet wipes, *Bliw* liquid soaps, *Date* anti-perspirants and cologne for women, *Alberto Family Fresh* shampoo and shower products, *Suketter* artificial sweetener, *Alberto V05* hair care products, the *St. Ives* line of hair and skin care products, *HTH* and *L300* skin care products, *Grumme Tvattsapa* detergents and *Pharbio* natural pharmaceuticals. The company also distributes *Jordan* toothbrushes in Scandinavia. *Soraya* skin care products are sold in Poland and Eastern Europe.

The company's products are also sold in Australia, Asia and Africa.

The Global Consumer Products segment also includes the custom label manufacturing of other companies' personal care products in the United States and Sweden.

### *Sally Beauty Supply*

Sally Beauty Company operates a network of cash-and-carry professional beauty supply stores, under the name *Sally Beauty Supply*, which provides salon owners, hairdressers and consumers with an extensive selection of hair care products, cosmetics, styling appliances and other beauty items, including other manufacturers' brands such as *Clairol*, *Revlon* and *L'Oréal*. *Sally Beauty Supply* stores' professional customers purchase salon supplies at a discount, while its retail customers purchase professional products at a higher price. As of September 30, 2004, there were 2,355 *Sally Beauty Supply* stores in the United States, Puerto Rico, the United Kingdom, Germany, Japan, Mexico and Canada.

*Beauty Systems Group*

Sally Beauty Company also sells professional beauty products to salon owners, salon professionals and franchises through its *Beauty Systems Group* full-service distribution business. *Beauty Systems Group* sells professional beauty products to salons in exclusive distribution territories throughout the United States and portions of Canada and Mexico. *Beauty Systems Group* operates 692 stores, including 145 franchise stores, as of September 30, 2004 that sell exclusively to the salon professional and maintains a sales force that consists of about 1,200 professional distributor sales consultants who call on the salons directly. In addition to selling professional beauty products, these sales consultants educate salon professionals and owners on such items as

new styles, techniques and business practices. The products sold in *Beauty Systems Group* stores and through professional distributor sales consultants, which include other manufacturers' brands not available at *Sally Beauty Supply* stores such as *Matrix*, *Redken*, *Graham Webb*, *Paul Mitchell*, *Rusk* and *TIGI* are sold exclusively to salons for use at the salon and for resale to salon patrons.

#### PRODUCT DEVELOPMENT AND MARKETING

Many of the company's consumer products are developed in the company's laboratories. The company has established global structures for operations and research and development, which are designed to enable the company to implement cost-savings initiatives more quickly on a broad scale and to shorten the time that it takes to develop an idea into a market-ready product. Research and development costs amounted to \$11.7 million, \$10.9 million and \$9.8 million in fiscal years 2004, 2003 and 2002, respectively.

New products introduced by the company are assigned product managers, who guide the products from development to the consumer. The product managers are responsible for the overall marketing plans for the products and coordinate advertising and marketing activities.

The company allocates a large portion of its revenues to the advertising and marketing of consumer beauty products. Net earnings are materially affected by these expenditures, which are charged against income in the period incurred. Advertising and marketing expenditures were \$254.1 million in 2004, \$212.4 million in 2003 and \$189.1 million in 2002.

The company regards television as the best medium for advertising and uses it to conduct extensive network, spot and cable television advertising campaigns. The company also advertises through other media such as newspapers, magazines and radio, as well as through *Sally Beauty Supply* and *Beauty Systems Group* direct mailings to customers.

Extensive advertising and marketing are required to build and protect a branded consumer product's market position. The company believes there is significant consumer awareness of its major brands and that such awareness is an important factor in the company's operating results.

#### COMPETITION

The domestic and international markets for the company's branded consumer products are highly competitive and sensitive to changes in consumer preferences and demands. The company's competitors range in size from large, highly diversified companies (some of which have substantially greater financial resources than the company) to small, specialized producers. The company competes primarily on the basis of innovation, product quality and price and believes that brand loyalty and consumer acceptance are also important factors to the company's success.

*Sally Beauty Supply* and *Beauty Systems Group* experience domestic and international competition from a wide range of retail outlets, including mass merchandisers, drug stores and supermarkets, carrying a full line of beauty and health care products. In addition, *Sally Beauty Supply* and *Beauty Systems Group* compete with local and regional cash-and-carry beauty supply stores and full-service dealers selling directly to salons through both professional distributor sales consultants and outlets open only to salon professionals. *Sally Beauty Supply* and *Beauty Systems Group* also face competition from certain manufacturers which use their own sales forces to distribute their professional beauty products directly to salons.





## DISTRIBUTION

The company's sales force and independent brokers sell its retail beauty and health care products and food and household products by calling upon retail outlets such as mass merchandisers, supermarkets, drug stores, dollar stores, wholesalers and variety stores.

The company's sales representatives and brokers sell its professional hair care products primarily for the ethnic market in the United States to beauty supply outlets and to beauty distributors, who in turn sell to beauty salons, barber shops and beauty schools.

The company's consumer products are sold internationally in more than 120 countries, primarily through direct sales by its subsidiaries, independent distributors and licensees. The company's foreign operations are subject to risks inherent in transactions involving foreign currencies and political uncertainties.

*Sally Beauty Supply* and *Beauty Systems Group* sell professional beauty supplies through its 3,047 stores, including 145 franchises, located in 48 states, Puerto Rico, the United Kingdom, Canada, Japan, Germany and Mexico. *Sally Beauty Supply* stores sell merchandise on cash-and-carry terms and are primarily located in strip shopping centers. *Sally Beauty Supply* operates the largest domestic chain of cash-and-carry beauty supply stores and, as such, is a major customer of some of the company's competitors in the personal care products industry. In addition, *Beauty Systems Group* sells products in exclusive distribution territories throughout the United States and portions of Canada and Mexico to the professional market through its stores and about 1,200 professional distributor sales consultants. *Sally Beauty Supply* sells Alberto-Culver's professional and ethnic hair care products, but these products represent only a small portion of *Sally Beauty Supply's* selection of salon brands.

## EMPLOYEES

In its domestic and foreign operations, the company had approximately 18,300 full-time equivalent employees as of September 30, 2004 consisting of about 11,400 hourly personnel and 6,900 salaried employees. At September 30, 2003, the company had approximately 17,000 full-time equivalent employees.

Certain subsidiaries of the company have union contracts covering production, warehouse, shipping and maintenance personnel. The company considers relations with its employees to be satisfactory.

## REGULATION

The company is subject to the regulations of a number of governmental agencies in the United States and certain foreign countries, including the Food and Drug Administration and the Federal Trade Commission.

## TRADEMARKS AND PATENTS

## Edgar Filing: ALBERTO CULVER CO - Form 10-K

The company's trademarks, certain of which are material to its business, are registered or legally protected in the United States, Canada and other countries throughout the world in which products of the company are sold. Although the company owns patents and has other patent applications pending, its business is not materially dependent upon patents or patent protection.

### AVAILABILITY OF REPORTS

The company's annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K are available, without charge, on the company's website, [www.alberto.com](http://www.alberto.com), as soon as reasonably possible after they are filed electronically with the SEC. The company will provide copies of such reports to any person, without charge, upon written request to the Vice President, Corporate Development and Investor Relations.

**ITEM 2. PROPERTIES**

The company's properties, plants and equipment are maintained in good condition and are suitable and adequate to support the business. The company's principal properties and their general characteristics are described below:

<u>Location</u>	<u>Type of Facility</u>	<u>Business Segment</u>
<b><u>Company-Owned Properties:</u></b>		
Melrose Park, Illinois		
2525 Armitage Avenue	Corporate Office, Manufacturing, Warehouse	(1)
2100 N. 15th Avenue	Warehouse	(1)
Basingstoke, Hampshire, England	Office	(1)
Buenos Aires, Argentina	Office, Manufacturing, Warehouse	(1)
Columbus, Ohio	Warehouse	(2)
Dallas, Texas	Office, Manufacturing, Warehouse	(1)
Denton, Texas	Office, Warehouse	(2) (3)
Falun, Sweden	Office, Manufacturing, Warehouse	(1)
Jacksonville, Florida	Warehouse	(2)
Madrid, Spain	Office, Manufacturing, Warehouse	(1)
Naguabo, Puerto Rico	Manufacturing, Warehouse	(1)
Naucalpan de Juarez, Mexico	Office, Manufacturing, Warehouse	(1)
North Rocks, New South Wales, Australia	Office, Manufacturing, Warehouse	(1)
Radzymin, Poland	Office, Manufacturing, Warehouse	(1)
Reno, Nevada	Warehouse	(2)
Swansea, Wales, England	Office, Manufacturing, Warehouse	(1)
Toronto, Ontario, Canada	Office, Manufacturing, Warehouse	(1)
<b><u>Leased Properties:</u></b>		
Albertslund, Denmark	Office, Warehouse	(1)
Atlanta, Georgia	Warehouse	(1)
Auckland, New Zealand	Office, Warehouse	(1)
Austin, Texas	Office, Warehouse	(3)
Benecia, California	Office, Warehouse	(3)
Blackburn, Lancashire, England	Warehouse	(2)
Calgary, Alberta, Canada	Office, Warehouse	(3)
Carlisle, Pennsylvania	Warehouse	(1)
Chatsworth, California	Office, Manufacturing, Warehouse	(1)
Clackamas, Oregon	Warehouse	(3)
Espoo, Finland	Office, Warehouse	(1)
Geneva, Switzerland	Office	(1)
Greenville, Ohio	Office, Warehouse	(3)
Laurel, Maryland	Office, Warehouse	(3)
Macedonia, Ohio	Office, Warehouse	(3)
Ontario, California	Warehouse	(1)
Paducah, Kentucky	Office, Warehouse	(3)
Phoenix, Arizona	Warehouse	(3)
Rakkestad, Norway	Office, Warehouse	(1)
Reading, Berkshire, England	Office	(2)
Spartanburg, South Carolina	Office, Warehouse	(3)
Stockholm, Sweden	Office, Manufacturing, Warehouse	(1)
Toronto, Ontario, Canada	Office, Warehouse	(3)
Various (2,902 company-owned store locations in 49 states, Puerto Rico, the United Kingdom,	Sally Beauty Supply and Beauty Systems Group Stores	(2) (3)

Canada, Mexico, Japan and Germany)

(1) Global Consumer Products

(2) Sally Beauty Supply

(3) Beauty Systems Group

**ITEM 3. LEGAL PROCEEDINGS**

There are no material legal proceedings pending.

**ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS**

There were no matters submitted to a vote of security holders, through the solicitation of proxies or otherwise, during the fourth quarter of the year ended September 30, 2004.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Information required by this Item is incorporated herein by reference to the section entitled "Market Price of Common Stock and Cash Dividends Per Share" and note 5 of the "Notes to the Consolidated Financial Statements" in the registrant's annual report to stockholders for the year ended September 30, 2004 and the section entitled "Equity Compensation Plan Information" in the registrant's proxy statement for its annual meeting of stockholders on January 27, 2005.

The following table summarizes information with respect to purchases made by or on behalf of the company of shares of its common stock.

<u>Period</u>	<u>(a)</u> <u>Total</u> <u>Number of Shares</u> <u>Purchased</u>	<u>(b)</u> <u>Average</u> <u>Price Paid</u> <u>per Share</u>	<u>(c)</u> <u>Total</u> <u>Number of Shares</u> <u>Purchased as Part</u> <u>of Publicly</u> <u>Announced Plans</u> <u>or Programs</u>	<u>(d)</u> <u>Maximum</u> <u>Number of Shares</u> <u>That May Yet Be</u> <u>Purchased Under</u> <u>the Plans or</u> <u>Programs</u>
July 1 - July 31, 2004				2,052,450
August 1 - August 31, 2004				2,052,450
September 1 - September 30, 2004				2,052,450

In July, 2002, the Board of Directors authorized the company to purchase up to 2,384,150 shares of Class A common stock. As of October 22, 2003, the company had purchased 331,700 Class A shares under the authorization at a total cost of \$15.1 million. On October 22, 2003, the Board of Directors authorized the company to purchase up to 2,052,450 shares of Class B common stock (redesignated as common stock in January, 2004). This authorization replaced the Class A share repurchase program. A total of 2,052,450 shares remain available for purchase under the program as of September 30, 2004. Common stock surrendered to the company for stock option exercises are not subject to the company's stock repurchase program.

**ITEM 6. SELECTED FINANCIAL DATA**

Information required for this Item is incorporated herein by reference to the section entitled "Selected Financial Data" in the registrant's annual report to stockholders for the year ended September 30, 2004.

**ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

## Edgar Filing: ALBERTO CULVER CO - Form 10-K

Information required for this Item is incorporated herein by reference to the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations in the registrant's annual report to stockholders for the year ended September 30, 2004.

### **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

Information required for this Item is incorporated herein by reference to the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations in the registrant's annual report to stockholders for the year ended September 30, 2004.

### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

Information required for this Item is incorporated herein by reference to the consolidated financial statements and notes and KPMG LLP's Report of Independent Registered Public Accounting Firm in the registrant's annual report to stockholders for the year ended September 30, 2004.

---

**ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

- (a) As of the end of the period covered by this annual report on Form 10-K, the company carried out an evaluation, under the supervision and with the participation of the company's management, including the chief executive officer and the chief financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act). Based upon that evaluation, the chief executive officer and the chief financial officer of the company have concluded that Alberto-Culver Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the company in reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.
  
- (b) There were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of the evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses. There were no significant deficiencies or material weaknesses and, therefore, there were no corrective actions taken.

**ITEM 9B. OTHER INFORMATION**

None.



**PART III****ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information required for this Item regarding the directors of the company and regarding delinquent filers pursuant to Item 405 of Regulation S-K is incorporated herein by reference to the sections entitled "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance," respectively, in the registrant's proxy statement for its annual meeting of stockholders on January 27, 2005. Information required for this Item regarding the audit committee financial expert pursuant to item 401(h) of Regulation S-K is incorporated herein by reference to the section entitled "Meetings and Committees of the Board of Directors" in the registrant's proxy statement for its annual meeting of stockholders on January 27, 2005.

The following table sets forth the names and current positions of the registrant's executive officers, including their five-year business history and ages. Executive officers of the company and its subsidiaries are elected annually.

<u>Name</u>	<u>Current Position and Five-Year Business History</u>	<u>Age</u>
Carol L. Bernick <sup>(1)</sup>	Since October, 2004 Chairman; June, 2002 - October, 2004 - Vice Chairman and Assistant Secretary, Alberto-Culver Company, President, Alberto-Culver Consumer Products Worldwide, a division of the registrant, and President, Alberto-Culver USA, Inc., a subsidiary of the registrant; previously Vice Chairman and Assistant Secretary, Alberto-Culver Company, President, Alberto-Culver North America, a division of the registrant and President, Alberto-Culver USA, Inc. for more than five years.	52
Howard B. Bernick <sup>(1)</sup>	President and Chief Executive Officer	52
John R. Berschied, Jr.	Since May, 2000 Group Vice President, Global Research and Development; January, 2000 to May, 2000 Director Technology and Innovation Management, Arthur D. Little, Inc.; February, 1993 - December, 1999 Senior Vice President, Global Research, Development and Engineering, S.C. Johnson and Son, Inc.	61
William J. Cernugel	Since May, 2000 Senior Vice President and Chief Financial Officer; previously Senior Vice President, Finance for more than five years.	62
V. James Marino	Since October, 2004 President, Alberto-Culver Consumer Products Worldwide; June, 2002 to October, 2004 President, Alberto Personal Care Worldwide, a division of the registrant; 1999 to June, 2002 Group Vice President, Hair Care, Alberto-Culver North America, a division of the registrant.	54
Michael H. Renzulli	President, Sally Beauty Company, Inc., a subsidiary of registrant.	64
Gary P. Schmidt	Since January, 2004 Senior Vice President, General Counsel and Assistant Secretary; previously, Vice President, General Counsel and Assistant Secretary for more than five years.	53

<sup>(1)</sup> Carol L. Bernick is the wife of Howard B. Bernick and the daughter of Leonard H. Lavin and Bernice E. Lavin, both of whom are directors of the company.

The company has adopted a code of ethics that applies to the Chief Executive Officer, Chief Financial Officer and Corporate Controller. The company will provide copies of such code of ethics to any person, without charge, upon written request to the Vice President, Corporate Development and Investor Relations.

The company has adopted (a) Governance Guidelines, (b) a Code of Business Conduct and Ethics that apply to directors, officers and employees and (c) Charters for Audit, Compensation and Nominating/Governance committees of the Board of Directors. Copies of these documents are available on the company's website at [www.alberto.com](http://www.alberto.com) and are available in print to any person, without charge, upon written request to the Vice President, Corporate Development and Investor Relations.

#### **ITEM 11. EXECUTIVE COMPENSATION**

Information required for this Item is incorporated herein by reference to the section entitled "Executive Compensation" in the registrant's proxy statement for its annual meeting of stockholders on January 27, 2005.

#### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information required for this Item is incorporated herein by reference to the section entitled "Security Ownership of Management and Certain Beneficial Owners" in the registrant's proxy statement for its annual meeting of stockholders on January 27, 2005.

#### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Information required for this Item is incorporated herein by reference to the section entitled "Certain Business Relationships" in the registrant's proxy statement for its annual meeting of stockholders on January 27, 2005.

#### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information required for this Item is incorporated herein by reference to the section entitled "Audit and Related Fees" in the registrant's proxy statement for its annual meeting of stockholders on January 27, 2005.

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) Documents filed as part of this report:

1. Financial statements:

The consolidated financial statements and notes required to be included in Part II, Item 8 are incorporated by reference to the registrant's annual report to stockholders for the year ended September 30, 2004, which is filed as an exhibit to this report.

2. Financial statement schedules:

<u>Description</u>	<u>Schedule</u>
Valuation and Qualifying Accounts	II

Schedules I, III, IV, and V are omitted as the information required by these schedules is not applicable.

3. Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
3(i)	Copy of Restated Certificate of Incorporation of Alberto-Culver Company.
3(ii)(a)	Copy of Amended and Restated By-Laws of Alberto-Culver Company (filed as Exhibit 3(ii) and incorporated herein by reference to the company's Form 10-K Annual Report for the year ended September 30, 2000).
3(ii)(b)	Copy of Amendment to Amended and Restated By-Laws of Alberto-Culver Company.
4	Certain instruments defining the rights of holders of long-term obligations of the registrant and certain of its subsidiaries (the total amount of securities authorized under each of which does not exceed ten percent of the registrant's consolidated assets) are omitted pursuant to part 4 (iii) (A) of Item 601 (b) of Regulation S-K. The registrant agrees to furnish copies of any such instruments to the Securities and Exchange Commission upon request.
4 (a)	Copy of Indenture dated June 10, 1998 between Alberto-Culver Company and The First National Bank of Chicago, as Trustee (filed as Exhibit 4(a) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended June 30, 1998).
4 (b)	Copy of 6.375% Debentures due June 15, 2028 (filed as Exhibit 4(b) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended June 30, 1998).
4 (c)	Copy of Amended and Restated Credit Agreement dated as of August 31, 2004 among Alberto-Culver Company, Bank of America, N.A. as administrative agent and the other financial institutions being parties thereto (filed as Exhibit 4 and

Edgar Filing: ALBERTO CULVER CO - Form 10-K

incorporated herein by reference to the company's Form 8-K Current Report dated September 3, 2004).

10 (a)

Copy of Alberto-Culver Company Management Incentive Plan, as amended\* (filed as Exhibit 10(f) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).

- 12 -

3. Exhibits: (continued)

Exhibit Number	Description
10 (b)	Summary of fiscal year 2005 award opportunities under the Alberto-Culver Company Management Incentive Plan, as amended, for certain executive officers*.
10 (c)	Copy of Alberto-Culver Company Employee Stock Option Plan of 1988, as amended* (filed as Exhibit 10(b) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (d)	Copy of Alberto-Culver Company 1994 Shareholder Value Incentive Plan, as amended* (filed as Exhibit 10(e) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (e)	Summary of selected index and target performance levels for fiscal year 2005 grants to certain executive officers under the 1994 Shareholder Value Incentive Plan, as amended*.
10 (f)	Copy of Alberto-Culver Company 1994 Restricted Stock Plan, as amended* (filed as Exhibit 10(d) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (g)	Copy of Alberto-Culver Company 1994 Stock Option Plan for Non-Employee Directors, as amended* (filed as Exhibit 10(h) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (h)	Copy of Split Dollar Life Insurance Agreement dated September 30, 1993 between Alberto-Culver Company and the trustee of the Lavin Survivorship Insurance Trust* (filed as Exhibit 10(e) and incorporated herein by reference to the company's Form 10-K Annual Report for the year ended September 30, 1993).
10 (i)	Form of Severance Agreement between Alberto-Culver Company and named executive officers* (filed as Exhibit 10(f) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended December 31, 1996).
10 (j)	Copy of the Alberto-Culver Company Executive Deferred Compensation Plan, as amended* (filed as Exhibit 10(i) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (k)	Form of Amendment of Severance Agreement between Alberto-Culver Company and named executive officers*.
10 (l)	Form of Key Executive Deferred Compensation Agreement between Alberto-Culver Company and certain of its officers, and schedule setting forth the registrant's named executive officers (as defined in Item 402 of Regulation S-K) who are parties to such an agreement and the material terms of each such named executive officer's agreement* (filed as Exhibit 10(k) and incorporated herein by reference to the company's Form 10-K Annual Report for the year ended September 30, 2003).
10 (m)	Copy of the Alberto-Culver Company Deferred Compensation Plan for Non-Employee Directors* (filed as Exhibit 10(l) and incorporated herein by reference to the company's Form 10-K Annual Report for the year ended September 30, 2003).

3. Exhibits: (continued)

Exhibit Number	Description
10 (n)	Copy of the Alberto-Culver Company Employee Stock Option Plan of 2003 (filed as Exhibit 10(a) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (o)	Copy of Alberto-Culver Company 2003 Restricted Stock Plan (filed as Exhibit 10(c) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (p)	Copy of Alberto-Culver Company 2003 Stock Option Plan for Non-Employee Directors (filed as Exhibit 10(g) and incorporated herein by reference to the company's Form 10-Q Quarterly Report for the quarter ended March 31, 2004).
10 (q)	Copy of Employment Agreement between Leonard H. Lavin and Alberto-Culver Company dated as of December 6, 2004 (filed as Exhibit 10 and incorporated herein by reference to the company's Form 8-K Current Report on September 21, 2004).
13	Portions of annual report to stockholders for the year ended September 30, 2003 incorporated herein by reference.
21	Subsidiaries of the Registrant
23	Consent of Independent Registered Public Accounting Firm
31(a)	Certification pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act.
31(b)	Certification pursuant to Rules 13a-14(a) and 15d-14(a) of the Exchange Act.
32(a)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32(b)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

\* This exhibit is a management contract or compensatory plan or arrangement of the registrant.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 9th day of December, 2004.

ALBERTO-CULVER COMPANY

By /s/ HOWARD B. BERNICK  
**Howard B. Bernick**  
**President and Chief Executive Officer**

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

<u>Signature</u>	<u>Title</u>	<u>Date</u>
/s/ CAROL L. BERNICK _____ <b>Carol L. Bernick</b>	Chairman of the Board and Director	December 9, 2004
/s/ HOWARD B. BERNICK _____ <b>Howard B. Bernick</b>	President, Chief Executive Officer and Director (Principal Executive Officer)	December 9, 2004
/s/ BERNICE E. LAVIN _____ <b>Bernice E. Lavin</b>	Vice Chairman, Secretary, Treasurer and Director	December 9, 2004
/s/ LEONARD H. LAVIN _____ <b>Leonard H. Lavin</b>	Chairman Emeritus and Director	December 9, 2004
/s/ WILLIAM J. CERNUGEL _____ <b>William J. Cernugel</b>	Senior Vice President and Chief Financial Officer (Principal Financial & Accounting Officer)	December 9, 2004
/s/ A.G. ATWATER, JR. _____ <b>A.G. Atwater, Jr.</b>	Director	December 9, 2004
/s/ JAMES G. BROCKSMITH, JR. _____ <b>James G. Brocksmith, Jr.</b>	Director	December 9, 2004
/s/ JIM EDGAR _____ <b>Jim Edgar</b>	Director	December 9, 2004

Edgar Filing: ALBERTO CULVER CO - Form 10-K

/s/ KING HARRIS	Director	December 9, 2004
<hr/>		
<b>King Harris</b>		
/s/ JOHN A. MILLER	Director	December 9, 2004
<hr/>		
<b>John A. Miller</b>		
/s/ ALLAN B. MUCHIN	Director	December 9, 2004
<hr/>		
<b>Allan B. Muchin</b>		
/s/ ROBERT H. ROCK	Director	December 9, 2004
<hr/>		
<b>Robert H. Rock</b>		
/s/ SAM J. SUSSE	Director	December 9, 2004
<hr/>		
<b>Sam J. Susser</b>		
/s/ WILLIAM W. WIRTZ	Director	December 9, 2004
<hr/>		
<b>William W. Wirtz</b>		



**Report of Independent Registered Public Accounting Firm**

The Board of Directors and Stockholders

Alberto-Culver Company:

On November 30, 2004, we reported on the consolidated balance sheets of Alberto-Culver Company and Subsidiaries as of September 30, 2004 and 2003 and the related consolidated statements of earnings, cash flows and stockholders' equity for each of the years in the three-year period ended September 30, 2004, as contained in the 2004 annual report to stockholders. These consolidated financial statements and our report thereon are incorporated by reference in the annual report on Form 10-K for the year ended September 30, 2004. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related financial statement schedule as listed in Item 15(a)2 of the annual report on Form 10-K. That financial statement schedule is the responsibility of the company's management. Our responsibility is to express an opinion on that financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/ KPMG LLP  
KPMG LLP

Chicago, Illinois

November 30, 2004

**Schedule II**

## ALBERTO-CULVER COMPANY AND SUBSIDIARIES

## Valuation and Qualifying Accounts

(In thousands)

	Year Ended September 30,		
	2004	2003	2002
<b>Allowance for doubtful accounts:</b>			
Balance at beginning of period	\$ 19,111	17,550	11,387
<b>Additions (deductions):</b>			
Charged to expense	1,321	7,733	10,974
Uncollectible accounts written off, net of recoveries	(7,374)	(7,195)	(5,052)
Allowance for doubtful accounts of acquired companies	500		98
Allowance for doubtful accounts of divested companies	(872)		
Other, including the effect of foreign exchange rates	174	1,023	143
<b>Balance at end of period</b>	<b>\$ 12,860</b>	<b>19,111</b>	<b>17,550</b>
<b>Inventory allowances:</b>			
Balance at beginning of period	\$ 28,270	31,696	22,021
<b>Additions (deductions):</b>			
Charged to expense	33,689	31,427	41,307
Write-offs	(32,055)	(35,842)	(32,231)
Inventory allowances of acquired companies	366	260	469
Inventory allowances of divested companies	(679)		
Effect of foreign exchange rates	(86)	729	130
<b>Balance at end of period</b>	<b>\$ 29,505</b>	<b>28,270</b>	<b>31,696</b>